Health and Wellness
Section II

Annual Report
2007-2008

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Health and Wellness

Annual Report — Section II
2007 – 2008

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Section I

Section I of this report is published under separate cover.
It provides an overview, results analysis and financial statements for the Ministry of Health and Wellness, as well as a summary of the financial statements for the health authorities.

Health Authorities Contact List

Regional Health Authorities And Provincial Health Boards Contacts

For further information regarding the regional health authorities or provincial health boards, please contact:

2007/2008 Health Authorities	Region	Contact Phone Number
Chinook Regional Health Authority	R1	403-388-6009
Palliser Health Region	R2	403-528-5633
Calgary Health Region	R3	403-943-1111
David Thompson Regional Health Authority	R4	403-341-8622
East Central Health	R5	780-608-8820
Capital Health	R6	780-407-1000
Aspen Regional Health Authority	R7	780-349-8705
Peace Country Health	R8	780-538-5387
Northern Lights Health Region	R9	780-791-6161
Alberta Mental Health Board		780-422-2233
Alberta Cancer Board		780-643-4500
Health Quality Council of Alberta		403-297-8162

Chinook Health

Chinook Regional Health Authority

Financial Statements

March 31, 2008

CHINOOK REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2008

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CHINOOK REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2008

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Audit Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Chinook Regional Health Authority Board for approval. The external auditor has full and free access to the Audit Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

[Original Signed by Pamela Whitnack] Date: *May 15, 2008*

Chief Executive Officer
Pamela Whitnack

[Original Signed by Robert Stratychuk] Date: *May 15, 2008*

Chief Operating Officer
Robert Stratychuk

Auditor's Report

To the Board of Directors of the Chinook Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Chinook Regional Health Authority (the Authority) as at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
May 15, 2008

"Original Signed by Fred J. Dunn", FCA
Auditor General

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
As at March 31, 2008
(In thousands)

	2008 Actual	2007 Actual (Restated - note 20)
ASSETS		
Current:		
Cash and investments (Note 3)	$ 31,372	$ 29,149
Accounts receivable	10,363	7,154
Contributions receivable from Alberta Health and Wellness	9,654	9,863
Inventories	3,528	3,273
Prepaid expenses	1,769	1,220
	56,686	50,659
Non-current cash and investments (Note 3)	20,277	26,925
Contributions receivable	26,617	2,507
Capital assets (Note 4)	190,482	191,302
Other assets (Note 5)	10,256	7,841
TOTAL ASSETS	$ 304,318	$ 279,234
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 29,043	$ 27,105
Accrued vacation pay	13,201	12,252
Deferred contributions (Note 6)	22,911	17,310
Current portion of long-term debt (Note 8)	27	121
	65,222	56,788
Deferred contributions (Note 6)	1,982	466
Deferred capital contributions (Note 7)	42,359	26,384
Long-term debt (Note 8)	-	27
Deferred contributions - Healthy Aging Partnership (Note 9)	2,921	3,150
Unamortized external capital contributions	174,095	172,455
Other liabilities	2,464	2,420
	223,821	205,102
Net assets		
Accumulated deficit	(2,084)	(1,385)
Investment in capital assets from internally funded sources	16,360	18,499
Cumulative net unrealized gain on investments	849	-
Operating net assets	15,125	17,194
Endowments	150	150
	15,275	17,344
TOTAL LIABILITIES AND NET ASSETS	$ 304,318	$ 279,234

The accompanying notes and schedules are part of these financial statements.

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2008
(In thousands)

	2008 Budget (Note 10)	2008 Actual	2007 Actual (Restated - note 20)
Revenue			
Alberta Health and Wellness contributions (Note 11)	$ 298,085	$ 299,264	$ 281,008
Other government contributions (Note 12)	3,956	3,967	4,156
Fees and charges	17,776	18,398	17,881
Ancillary operations, net (Note 13)	342	450	432
Donations	231	528	280
Investment and other income (Note 14)	9,775	11,325	10,377
Amortized external capital contributions	13,040	13,820	12,395
TOTAL REVENUE	343,205	347,752	326,529
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	82,042	83,264	75,427
Facility-based emergency and outpatient services	20,153	20,397	18,397
Facility-based continuing care services	34,624	35,519	36,161
Community-based care	28,407	29,576	24,021
Home care	19,295	18,204	16,136
Diagnostic and therapeutic services	61,998	63,019	57,524
Promotion, prevention and protection services	12,723	14,096	12,775
Administration	14,884	15,436	13,807
Information technology	11,531	10,759	9,121
Support services	50,300	52,579	49,097
Amortization of facilities and improvements	8,240	8,210	7,771
TOTAL EXPENSES	343,797	351,059	320,237
Excess (deficiency) of revenue over expense	$ (592)	$ (3,307)	$ 6,292

The accompanying notes and schedules are part of these financial statements.

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2008
(in thousands)

	2008						2007
							(Restated - note 20)
	Accumulated deficit	Investment in capital assets from internally funded sources	Cumulative net unrealized gains on investments	Total operating	Endowments	Total	Total
Balance at beginning of year (as restated-Note 20)	$ (1,305)	$ 18,499	$ -	$ 17,194	$ 150	$ 17,344	$ 10,877
Adjustment due to change in accounting policy (Note 2 (b))	-	-	1,469	1,469	-	1,469	-
Balance at beginning of year as restated	(1,305)	18,499	1,469	18,663	150	18,813	10,877
Excess (deficiency) of revenue over expenses	(3,307)	-	-	(3,307)	-	(3,307)	6,292
Contributed assets	-	408	-	408	-	408	1,475
Capital assets purchased with internal funds	(3,446)	3,446	-	-	-	-	-
Transfer related to the acquisition of plant equipment from Internally funded to externally funded sources	3,456	(3,456)	-	-	-	-	-
Disposal of land	-	(19)	-	(19)	-	(19)	(1,300)
Amortization of internally funded capital assets	2,619	(2,619)	-	-	-	-	-
Net book value of disposed assets	108	(108)	-	-	-	-	-
Repayment of long-term debt used to fund capital assets	(209)	209	-	-	-	-	-
Cumulative net unrealized gains (losses) on investments							
Unrealized loss on available for sale financial assets arising during the year	-	-	(799)	(799)	-	(799)	-
Reclassification adjustments for gains and losses included in deficiency of revenue over expenses	-	-	179	179	-	179	-
Balance at end of year	$ (2,084)	$ 16,360	$ 849	$ 15,125	$ 150	$ 15,275	$ 17,344

The accompanying notes and schedules are part of these financial statements.

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2008
(In thousands)

	2008 Budget	2008 Actual	2007 Actual (Restated - note 20)
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	$ (592)	$ (1,307)	$ 4,292
Non-cash transactions:			
Amortization (Schedule 1)	13,844	16,446	15,1
Grant amortization of external capital contributions	(12,994)	(13,827)	(12,4
Loss (gain) on disposal of capital equipment	-	3	
	2,258	(685)	8,956
Changes in non-cash working capital account (Note 15)	5,731	4,515	17,413
Cash generated from operations	7,989	3,830	26,369
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	(2,500)	(425)	(9
Internally funded - facility and improvements	2,313	(3,018)	(4,514)
externally funded - equipment	(3,134)	(6,189)	(7,340)
externally funded - facility and improvements	(2,482)	(5,640)	(7,132)
debt funded - equipment	-	(88)	-
Proceeds on sale of capital assets	-	103	165
Unrealized gain on investments	1,400	849	-
Capital assets transferred	-	(408)	(4,365)
Change in other assets	775	(2,415)	432
Change in non-current cash	-	6,648	301
Change in non-current contributions	(2,434)	(24,118)	891
Cash used by investing activities	(13,142)	(36,694)	(21,603)
Financing activities:			
Capital contributions received	7,635	31,269	14,476
Change in non-cash working capital accounts (Note 15)	-	269	(3,541)
Principal payments on long-term debt	(93)	(389)	(121)
Proceeds from long-term debt	-	88	-
Capital assets transferred	-	408	4,365
Changes in other liabilities	174	44	(47)
Change in non-current deferred contributions	(200)	1,287	(230)
Cash generated from financing activities	7,516	33,887	14,702
Increase in cash and investments	3,343	2,223	19,748
Cash and investments, beginning of year	29,149	29,149	9,401
Cash and investments, end of year (Note 3)	$ 32,492	$ 31,372	$ 29,149

The accompanying notes and schedules are part of these financial statements

CHINOOK REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2008
(Thousands of dollars)

Note 1 Authority, Purpose and Operations

The Chinook Regional Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services within the Chinook Region (the "Region"). This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities:

Rural Hospital/Health Centre Sites
- Chinook Health – Milk River Health Centre
- Chinook Health – Pincher Creek Health Centre
- Chinook Health – Taber Health Centre
- Chinook Health – Fort Macleod Health Centre
- Chinook Health – Crowsnest Pass Health Centre
- Chinook Health – Raymond Health Centre
- Chinook Health – Cardston Health Centre
- Chinook Health – Magrath Health Centre
- Chinook Health – Coaldale Health Centre
- Chinook Health – Piyami Health Centre

Community Health Sites:
- Chinook Health – Lethbridge Community Health Site
- Chinook Health – Vauxhall Community Health Site
- Chinook Health – Taber Community Health Site
- Chinook Health – Coaldale Community Health Site
- Chinook Health – Raymond Community Health Site
- Chinook Health – Crowsnest Pass Community Health Site
- Chinook Health – Magrath Community Health Site
- Chinook Health – Pincher Creek Community Health Site

Note 1 Authority, Purpose and Operations (continued)

Other Sites/Locations:

- Chinook Regional Hospital
- Chinook Health – Children's CARE Centre
- Chinook Health – Raymond Care Centre
- Chinook Health – Lethbridge Community Care Services
- Chinook Health – Community Mental Health
- Chinook Health – Population Health

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 16(f). The Authority accounts for its interest in the Regional Shared Health Information Program (RSHIP) on a proportionate consolidation basis in Note 16 (g). The Authority's interest is 50% in the Chinook Primary Care Network, a joint venture, is accounted for on a proportionate consolidation basis in Note 16 (h).

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 31 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation
These financial statements are prepared using the deferral method of accounting. The Foundations are not consolidated.

(b) Changes in accounting policies
(i) Financial instruments – recognition and measurement

On April 1, 2007 the Authority adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3855 Financial Instruments – Recognition and Measurement ("HB-3855"), 3861 Financial Instruments – Disclosure and Presentation ("HB-3861") and 3865 Hedges ("HB-3865"). These sections are required to be adopted for fiscal years beginning on or after April 1, 2007, on a prospective basis. Under these standards, all financial instruments are classified into one of the following five categories: available-for-sale financial assets, loans and receivables, other financial liabilities, held-for-trading, and held-to-maturity financial assets. Initial measurement of financial instruments is at fair value and subsequent measurement and recognition of changes in value of financial instruments depend on their classification. Available-for-sale financial assets are measured at fair value at each reporting period and unrealized gains or losses arising from changes in fair value are recorded in net assets until such time as the asset or liability is removed from the statement of financial position. The Authority's current and non-current investments included in cash and investments have been classified as available-for-sale assets. The Authority does not carry any loans receivable, and its accounts receivable are measured at amortized cost, which approximates fair value. The Authority's accounts payable and accrued liabilities have been classified as other financial liabilities and are, therefore, measured at amortized cost. The statement of financial position contains no derivative financial instruments or embedded derivatives

Note 2 Significant Accounting Policies and Reporting Practices (continued)

other than closely related to the specific contract. Transaction costs relating to financial assets and liabilities are expensed as incurred. Held-to-maturity assets are measured at amortized cost and held-for-trading instruments are measured at fair value. The Authority does not hold any financial instruments in other category.

a. Cash and investments:

In accordance with HB-3855, the Authority classifies its cash and investments as available-for-sale assets and values them at fair value. Securities are originally recorded at the value based on settlement date. Cash and investments include cash on hand, bank balances, and short-term liquid investments with maturities of three months or less, non-current cash and investments, and bank overdraft when the latter forms an integral part of the Authority's cash management. Fair value is determined based on the last traded price on the reporting date.

Where it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets is removed from net assets and recognized in the statement of operations even though the financial asset has not been derecognized. Impairment losses recognized in the statement of operations for a financial instrument classified as available for sale are not reversed.

b. Derivative financial instruments and embedded derivatives:

In accordance with HB-3855, the Authority classifies derivative financial instruments which have not been designated as hedges for accounting purposes and embedded derivatives as held-for-trading, and values them at fair value each period with changes recorded in investment and other income.

(ii) Transition adjustment:

In adoption of the new accounting policies for financial instruments, a transition adjustment of $1,469 was recognized as an adjustment to net assets at April 1, 2007 to recognize the unrealized gain on investments classified as available-for-sale.

(iii) Financial instruments – disclosures and presentation:

CICA Handbook Section 3862 Financial Instruments – Disclosures ("HB-3862") provides standards for disclosures about financial instruments, including disclosures about fair value and the credit, liquidity and market risks associated with the financial instruments. CICA Handbook Section 3863 Financial

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Instruments – Presentation ("HB-3863") establishes standards for presentation of financial instruments and non-financial derivatives.

Both sections are effective for the Authority's fiscal year beginning April 1, 2008.

(iv) Capital Disclosures

In December 2006, the CICA issued accounting standards Section 1535 – Capital Disclosures, which establishes disclosure requirements concerning capital. This disclosure includes such information as: qualitative information about its objectives, policies and processes for managing capital; quantitative data about what it regards as capital; whether it has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance. The Authority is presently evaluating the impact of this new standard on its 2009 financial statement disclosures. The Authority will implement this new standard effective April 1, 2008.

(c) Revenue Recognition

(i) Unrestricted operating grants and other contributions are recognized as revenue when receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Full cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services are recorded. The fair value transactions recorded consist of the following:

(i) Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(iv) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(e) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit plan that provides pensions for the Authority's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting. Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority.

The Authority also participates in a defined benefit Supplementary Retirement Plan for a prescribed class of employees. The Authority provides a defined benefit Supplementary Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other

Note 2 Significant Accounting Policies and Reporting Practices (continued)

costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability. The plan is unfunded.

The Authority fully accrues its obligation for employee non-pension future benefits, including its self-insured extended health, dental and vision care plan.

(f) Inventories

Inventories are valued at the lower of cost, determined on a moving average, or net realizable value.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost.

Capital assets except land, construction in progress and art are amortized over their estimated useful lives on a straight line basis as follows:

	Useful Life
Land Improvements	10 - 25 years
Buildings	20 - 40 years
Building Service Equipment	10 – 25 years
Equipment	3 - 15 years

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

The Authority is subject to regulations requiring the repair, removal and disposal of friable asbestos. The obligation, under these regulations meets the definition of a conditional asset retirement obligation. As a result of the longevity of the Authority's facilities, due in part to the Authority's maintenance procedures, and the fact that the Authority does not have plans for major changes that would require the removal of asbestos, the timing of the removal of asbestos in the Authority's facilities is indeterminate as at March 31, 2008. As a result, the Authority is currently unable to estimate the fair value of its asbestos removal and disposal obligation. Therefore, expenditures are recorded in accounts when they can be estimated.

(h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Capital assets are amortized over their estimated useful lives. The amounts recorded for amortization of external capital contributions are

Note 2 Significant Accounting Policies and Reporting Practices (continued)

based on estimates of the useful life of related assets. The Senior Executive Retirement Plan obligation is based on actuarial calculations. Actual results could differ from these estimates.

Note 3 Cash and Investments

	2008		2007	
	Market Value	Cost	Market Value	Cost
Cash and equivalents	$ 26,282	$ 26,282	$ 30,897	$ 30,897
Term deposits [i]	13,368	13,368	12,812	12,812
Fixed income securities [ii]	10,882	10,515	10,714	10,415
Equities [iii]	2,127	1,845	3,120	1,950
	51,849	$ 52,800	$ 57,543	56,074
Amount held for non-current purposes	(20,277)			(26,925)
	$ 31,572			$ 29,149

Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 65% to 100% for fixed-income instruments, 0% to 25% for equities, and 0% to 20% for cash and cash equivalents. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

i) Term deposits with Alberta Treasury Branches maturing as follows:
- Maturing May 2008 and bearing interest at 3.35%.
- Maturing July, 2009 and bearing interest at 4.27% paid annually.

ii) Fixed-income securities have an average effective yield of 4.56% per annum for securities maturing between 1 and 10 years. As at March 31, 2008, the securities have the following term structure based on par:

	%
1 to 5 years	42.18
5 to 10 years	27.70
Over 10 years	30.12

iii) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

Note 3 Cash and Investments (continued)

Non-current cash and investments represent the following:

	2008	2007
Endowments	$ 150	$ 150
Externally restricted for capital acquisitions	18,145	26,309
Externally restricted for specific purposes	1,982	466
	$ 20,277	$ 26,925

Note 4 Capital Assets

	Cost					Accumulated Amortization					
	Opening Balance	Cost Transfers	Additions	Disposals	Closing Balance	Opening Balance	Current Year Amortization	Amortization on Disposals	Closing Balance	Net Book Value 2008	Net Book Value 2007
Land	$ 3,867	$ -	$ 408	$ 16	$ 4,259	$ -	$ -	$ -	$ -	$ 4,259	$ 3,867
Other Non-Depreciable Assets	44	-	-	-	44	-	-	-	-	44	44
Land Improvements	4,487	17	57	13	4,548	3,955	111	13	4,054	494	532
Buildings and Improvements	288,038	219	5	359	288,903	114,038	8,091	107	121,987	166,916	144,007
Building Shared Ownership	12,114	5,286	32	14	17,418	4,228	307	11	4,523	12,895	7,886
Leasehold Improvements	1,288	175	-	-	1,464	382	127	-	509	955	907
Major Equipment - Other	66,256	-	8,441	13,252	61,445	48,827	5,988	10,226	44,589	16,856	17,429
Major Equipment - Information Systems	13,518	-	196	2,988	10,726	12,576	418	2,848	10,146	580	942
Major Equipment - Infrastructure	11,286	1,418	68	18	12,772	2,187	1,343	16	3,514	9,258	9,119
Contributed Tangible Capital Assets	8,132	(7,164)	6,888	-	7,856	-	-	-	-	7,856	8,132
	$ 377,672	$ -	$ 15,771	$ 16,660	$ 376,783	$ 186,178	$ 16,648	$ 16,324	$ 186,502	$ 190,282	$ 191,362

(a) During the year the Authority acquired land from the Province in the amount of $408.

(b) Land

Land at the Crowsnest Pass General and Auxiliary Hospital and Picture Butte Health Centre has been provided to the Authority at nominal value.

(c) Capital assets have been funded from the following sources:

	2008	2007
Externally funded	$ 174,695	$ 172,655
Internally funded	16,360	18,499
Financed by debt	27	148
	$ 190,482	$ 191,302

Note 5 Other Assets

	2008	2007
Long-term receivable		
Supportive Living Options	$ 9,224	$ 7,812
Participating Physicians	10	29
Other	50	-
	9,284	7,841
Deferred contract payments	972	-
	$ 10,256	$ 7,841

The amounts included in the Supportive Living Options are recoverable as services are rendered by the contracted health service provider over the life of the Continuing Care Agreement. The Continuing Care Agreement is for an initial term of 20 years effective from the date of commencement of operations, unless otherwise terminated. The deferred contract payments are amortized over the term of the related agreements. The average remaining term of the agreements at March 31, 2008 is 15.5 years.

The Chinook Health Region provided financial assistance to participating physicians to assist in a portion of costs of the Sleep Apnea clinic. These costs will be reimbursed to the Chinook Health Region over the term of the existing agreement of 5 years.

Note 6 Deferred Contributions

The balance at the end of the year is restricted for the following purposes :

	2008	2007
Current:		
Childrens	$ 1,304	$ 737
Immunization Programs	390	668
Mental Health-Innovation Funds	2,951	2,540
Palliative Care	487	500
Physician On Call	1,905	1,859
Primary Care Network	4,365	3,456
Seniors' Health -	7,056	2,110
Stanford Management Training	245	300
Stroke Strategy	615	797
Telehealth Programs	444	466
Other	3,269	3,877
	22,911	17,310
Non-Current:		
Donations	589	466
Pandemic Supplies	1,393	-
	1,982	466
	$ 24,893	$ 17,776

Note 7 Deferred Capital Contributions

The balance at the end of the year is restricted for the following purposes:

	2008	2007
Equipment replacement	$ 2,681	$ 5,045
Improvement of Capital Assets	39,678	21,339
	$ 42,359	$ 26,384

Note 8 Long-term Debt

	2008	2007
Obligations under capital leases	$ 27	$ 148
Less: current portion	27	121
Long-term portion	$ -	$ 27

Future payments	Capital Leases
For the year ended March 31, 2009	$ 27

Capital leases expire on various dates to June 2008.

Note 9 Deferred Contributions – Healthy Aging Partnership

Funds received from Alberta Health and Wellness for the purpose of providing supportive living options to the Region's residents are recorded as long-term deferred contributions.

During the year the Authority amortized $229 ($207 - $250) of the Healthy Aging Partnership program to community and home-based services and recognized an equal amount as revenues under Alberta Health and Wellness Contributions.

	2008	2007
Alberta Health and Wellness contributions	$ 199	$ 218
Investment and other income	30	32
	$ 229	$ 250

Note 10 Budget

	2008 Approved Budget (1)
Revenue:	
Alberta Health and Wellness contributions	$ 298,085
Other government contributions	3,956
Fees and charges	17,776
Net ancillary operations	342
Donations	231
Investment and other income	9,775
Amortization of external capital contributions	13,040
Total revenue	343,205
Expenses:	
Facility-based inpatient acute nursing care services	82,042
Facility-based emergency and outpatient services	20,153
Facility-based continuing care services	34,624
Community-based care	28,407
Home care	19,285
Diagnostic and therapeutic services	61,598
Promotion, prevention and protection services	12,723
Administration	14,884
Information technology	11,531
Support services	50,300
Amortization of facilities and improvements	8,249
Total expenses	343,797
Excess of revenue over expenses	$ (592)

(1) The budget was approved by the Board of the Authority on May 23, 2007 and submitted to the Minister of Health and Wellness.

Note 11 Alberta Health and Wellness Contributions

	2008	2007
Unrestricted contributions	$ 286,807	$ 270,402
Transfers from deferred contributions	9,769	8,076
Healthy Aging Partnership (Note 9)	199	218
Primary Care Network (Note 16 h)	2,495	1,513
Alberta Health and Wellness payments to contract operators Non-district nursing home capital upgrade program	-	799
	$ 299,264	$ 281,008

Note 12 Other Government Contributions

	2008	2007
Person's with Developmental Disabilities South Alberta Board	$ 2,281	$ 2,289
Transfers from deferred contributions	867	783
Alberta Infrastructure	143	170
	3,291	3,242
Fair value of rent less rent charges for non-acute care facilities used by the Authority	676	914
	$ 3,967	$ 4,156

Note 13 Ancillary Operations

	2008				2007
	Revenue	Direct Expenses	Amortization Expense	Excess of Revenue over Expense	Excess of Revenue over Expense
Parking operations	$ 487	$ 97	$ 46	$ 264	$ 254
Non-patient food services	1,437	1,249	4	184	143
Laundry Operation	85	84	1	-	-
Other operations	128	136	-	2	(5)
Total	$ 2,087	$ 1,566	$ 51	$ 450	$ 392

Note 14 Investments and Other Income

	2008	2007
Investment Income Earned		
Unrestricted reserves	$ 1,988	$ 1,771
Restricted reserves for capital assets	22	21
Resources held for endowment	7	7
	1,837	1,799
Other Income		
Transfers from deferred contributions	3,345	1,970
Other	6,165	6,629
	11,347	10,398
Less amounts deferred:		
Restricted for capital asset acquisition	(22)	(21)
	$ 11,325	$ 10,377

Investment income is comprised of interest and dividends and gains or losses on the sale of investments.

Other income is comprised of recoveries from sources external to the Health Authority for compensation, material and supplies.

Note 15 Changes in Non-Cash Working Capital Accounts

	2008	2007
Accounts receivable	$ (1,089)	$ (3,363)
Inventories	(255)	(376)
Prepaid expenses	(749)	3,320
Accounts payable and accrued liabilities	1,978	6,768
Accrued vacation pay	949	819
Current portion of deferred contributions	5,601	8,644
	$ 4,724	$ 13,872
Reflected in the Statement of Cash Flows as:		
Operating activities	$ 4,515	$ 17,413
Financing activities	209	(3,541)
	$ 4,724	$ 13,872

Note 16 Related Parties

(a) Provincial Government

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Authority is economically dependent upon the Minister of Health and Wellness since the viability of its on-going operations depends on contributions from the Minister. Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Transactions between the Authority and the Province of Alberta are disclosed in the Statement of Operations and in the notes to the financial statements.

(b) Inter Health Authority Transactions

The Authority had the following transactions with other Health Authorities recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

	2008				2007			
	Revenues	Expenses	Receivable	Payable	Revenues	Expenses	Receivable	Payable
Calgary Health Region	$ 1,022	$ 1,022	$ 94	$ -	$ 772	$ 772	$ -	$ -
Capital Health	46	46	22	-	-	-	-	-
Alberta Mental Health Board	785	785	86	-	282	282	-	-
Peace Country Health	-	-	-	-	-	-	-	-
Alberta Cancer Board	35	35	580	-	29	29	-	-
David Thompson Regional Health Authority	-	-	779	1,305	-	-	-	-
	$ 1,888	$ 1,888	$ 1,561	$ 1,305	$ 483	$ 483	$ -	$ -

Note 16 Related Parties (continued)

(c) Foundations

The Authority exercises control over the following Foundations by virtue of its ability to appoint a majority of the voting members of the Boards of Directors. These Foundations were established under the Regional Health Authorities Act and are registered charities under the Income Tax Act.

The controlled Foundations are not consolidated in these financial statements.

(i) Crowsnest Pass Health Foundation (established August 28, 1996)

	2008	2007
Total assets	$ 271	$ 241
Total liabilities	-	(14)
Net assets	$ 271	$ 227
Revenue	172	$ 251
Expenses	(128)	(236)
Excess of revenue over expenses	$ 44	$ 15

The resources of the Foundation amounting to $197 have been restricted by the donors for the exclusive use of Crowsnest Pass Health Care Facility.

The financial statements for the Crowsnest Pass Health Foundation are prepared using the Restricted Fund method.

(ii) Cardston and District Health Foundation (established August 28, 1996)

	2008	2007
Total assets	$ 28	$ 30
Total liabilities	-	-
Net assets	$ 28	$ 30
Revenue	$ 112	$ 150
Expenses	(114)	(133)
Excess (deficiency) of revenue over expenses	$ (2)	$ 17

Note 16 Related Parties (continued)

The resources of the Foundation amounting to $2 have been restricted by the donors for the exclusive use of Cardston Health Care Facility.

The financial statements for the Cardston and District Health Foundation are prepared using the Restricted Fund method.

(iii) North County Health Foundation (established October 16, 1997)

	2008	2007
Total assets	$ 74	$ 49
Total liabilities	(19)	(4)
Net assets	$ 55	$ 45
Revenue	$ 81	$ 48
Expenses	(71)	(43)
Excess (deficiency) of revenue over expenses	$ 10	$ 5

The resources of the Foundation amounting to $3 have been restricted by the donors for the exclusive use of Picture Butte Health Care Facility.

The financial statements for the North County Health Foundation are prepared using the Restricted Fund method.

(iv) Fort Macleod and District Health Foundation (established April 21, 1998)

	2008	2007
Total assets	$ 76	$ 20
Total liabilities	(19)	(2)
Net assets	$ 57	$ 18
Revenue	$ 75	$ 14
Expenses	(36)	(44)
Excess of revenue over expenses	$ 39	$ (30)

The resources of the Foundation amounting to $5 have been restricted by the donors for the exclusive use of Fort Macleod Health Care Facility.

The financial statements for the Fort Macleod and District Health Foundation are prepared using the Restricted Fund method.

Note 16 Related Parties (continued)

(v) Windy Slopes Health Foundation (established April 28, 1998)

	2008	2007
Total assets	$ 78	$ 109
Total Liabilities	(6)	(5)
Net assets	$ 72	$ 104
Revenue	$ 180	$ 249
Expenses	(212)	(211)
Excess of revenue over expenses	$ (32)	$ 38

The resources of the Foundation amounting to $19 have been restricted by the donors for the exclusive use of Fincher Creek Health Care Facility.

The financial statements for the Windy Slopes Health Foundation are prepared using the Restricted Fund method.

	Contributions Received by Health Authority		Resources held by Foundation	
	Year ended March 31		At March 31, 2008	
	2008	2007	Externally Restricted	Unrestricted
Crowsnest Pass Health Foundation	$ 97	$ 177	$ 197	$ 74
Cardston and District Health Foundation	89	93	2	26
North County Health Foundation	50	22	3	52
Fort Macleod and District Health Foundation	19	-	5	52
Windy Slopes Health Foundation	137	123	19	53
	$ 392	$ 415	$ 226	$ 257

Note 16 Related Parties (continued)

(d) Other Foundations

The Authority has an economic interest in the Chinook Regional Hospital Foundation and the Taber and District Health Foundation by virtue of its representation on the Board of Directors. The Foundations were established to raise funds for use in the respective community. The Foundations were confirmed under the Regional Health Authorities Act and are registered charities under the Income Tax Act. Financial information for these foundations is as follows:

	Contributions Received by Health Authority		Resources held by Foundation	
	Year ended March 31		At March 31, 2008	
	2008	2007	Externally Restricted	Unrestricted
Chinook Regional Hospital Foundation	$ 2,349	$ 658	$ 4,536	$ 400
Taber and District Health Foundation	109	367	429	530
	$ 2,458	$ 1,025	$ 4,965	$ 930

Contributions include externally restricted amounts for equipment, programs, research, and education for the specific communities supported by the Foundations.

Note 16 Related Parties (continued)

The value of administrative support provided to Foundations, and the accounts receivable from the Foundations at year end are as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31		As at March 31	
	2008	2007	2008	2007
Controlled Foundations:				
Crowsnest Pass Health Foundation	$ 22	$ 20	$ -	$ 14
Cardston and District Health Foundation	22	20	-	-
North County Health Foundation	17	15	19	4
Fort Macleod and District Health Foundation	15	-	19	-
Windy Slopes Health Foundation	22	20	-	3
Other Foundations:				
Chinook Regional Hospital Foundation	289	303	110	575
Taber and District Health Foundation	12	13	5	9
	$ 399	$ 391	$ 153	$ 605

(e) Society of Friends of the Lethbridge Regional Hospital (the "Society")

The Authority significantly influences the Society through its provision of administrative and financial services and by representation on the Board. The Society is incorporated under the Societies Act of Alberta and operates the gift shop, telephone and television rentals, and other various fund-raising activities. All funds earned are used to support the activities of the Lethbridge Regional Hospital Site of the Authority by transferring funds through the Lethbridge Regional Hospital Foundation.

As at March 31, 2008, $56 (2007 - $44) was due to the Authority for net inter-entity transactions.

Note 16 Related Parties (Continued)

(f) Voluntary and Private Health Service Operations

The Authority has an economic interest through its contracts with voluntary and private health service operators to provide health services in the Region. Funding was provided as follows:

	2008			2007		
	Voluntary Health Service Providers	Private Health Service Providers	Total	Voluntary Health Service Providers	Private Health Service Providers	Total
Direct Region funding	$14,516	$38,776	$53,292	$11,354	$35,001	$46,355
Direct Alberta Health & Wellness funding	-	-	-	-	799	799
Fees and charges	2,948	4,661	7,609	2,610	4,508	7,118
Total	$17,464	$43,437	$60,901	$ 13,964	$ 40,308	$ 54,272

(g) Regional Shared Health Information Program ("RSHIP")

The seven non-metro health regions: Palliser Health Region, David Thompson Health Region, Aspen Health Region, Northern Lights Health Region, Peace Country Health Region, Chinook Health Region, East Central Health Region, have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

	2008	2007
Alberta Health & Wellness Funding	$ 683	$ 2,049
Health Authority contribution	1,983	2,650
Total	$ 2,666	$ 4,699

The Authority's proportionate share of expenditures and costs incurred directly are as follows:

Expenses	$ 1,442	$ 1,581
Capital assets	1,224	3,118
Total	$ 2,666	$ 4,699

The Authority accounts for its interest in RSHIP on a proportionate consolidation basis.

Note 16 Related Parties (continued)

(h) Primary Care Network

The Authority's interest in the Chinook Primary Care Network, a joint venture, is included in the financial statements under the proportionate consolidation method.

	Authority's 50% Share	
	2008	2007
Statement of Financial Position:		
Cash	$ 3,913	$ 3,456
Accounts receivable	639	-
Capital assets	223	-
	$ 4,775	$ 3,456
Accounts payable and accrued liabilities	$ 187	$ -
Deferred contributions	4,365	3,456
Unamortized external capital contributions	223	-
	$ 4,775	$ 3,456
Statement of Operations:		
Revenue (Note 11)	$ 2,495	$ 1,513
Expenses	2,495	1,513
	$ -	$ -

Note 17 Trust Funds

The Authority receives funds in trust from Alberta Health and Wellness for the Chinook Primary Care Network. This initiative is a bilateral agreement between the Alberta Medical Association, the Regional Health Authority, and Alberta Health and Wellness. Family physicians in communities in Southwestern Alberta are identifying ways to strengthen the services and care they've always delivered to their patients through the Chinook Primary Care Network.

During the year, the Authority disbursed all funds held and received to the Chinook Primary Care Network.

Note 18 Pension Costs

a) The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $9,502 for the year ended March 31, 2008 (2007 - $8,812).

At December 31, 2007, the Local Authorities Pension Plan reported a deficiency of $1,183,334 (2006 - deficiency of $746,651).

b) The Authority established a defined benefit pension plan for a prescribed class of employees effective March 3, 2004. The pension plan is unfunded. The accrued obligation is computed using the projected benefit method pro-rated on services. Unrealized gains and losses are recorded in the year subsequent.

Note 18 Pension Costs (continued)

	2008
Accrued benefit obligation	
Accrued obligation, beginning of year	$ 821
Current service cost	60
Interest cost	52
Prior service cost	130
Actuarial loss	149
Benefit payments	(30)
Net accrued benefit obligation, end of year	$ 1,182
Reconciliation of funded status of accrued benefit asset/liability	
Net accrued benefit obligation	$ 1,182
Unrecognized actuarial loss	(149)
Unrecognized prior service costs	(234)
Reported liability	$ 799
Current service cost	$ 60
Interest cost	52
Amortization of prior service costs	130
Amortization of net actuarial gain (loss)	173
Benefit cost	$ 415

The Authority completed an actuarial valuation on March 31, 2008. The significant actuarial assumptions in measuring the Authority's accrued benefit obligation as follows:

	2008
Discount rate	5.75%
Expected average remaining service life of employees	5 years
Salary increase	5.00%

Comparative figures for 2007 are not available.

Note 19 Commitments and Contingencies

a) The Authority is committed to future capital upgrade projects in the amount of $13,349.

b) The Authority has entered into various commitments for the purchase of consumables, reagents and chemicals. The commitments expire at various dates to June, 2008.

c) The Authority has not recognized a liability of certain legal obligations, primarily special handling for the removal and disposal of encapsulated asbestos from facilities and equipment. The fair value cannot be reasonably estimated as the settlement dates are unknown.

Note 19 Commitments and Contingencies (continued)

d) The Authority, in the conduct of its normal activities, is named a defendant in various legal proceedings. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of management that adequate provision for these proceedings have been made in the Authority's accounts. It is believed that the resolution of the proceedings will not have a material effect on the financial position of the Authority, however, should any loss result from the resolution of these proceedings, such amounts would be expensed as the related amounts become known to the Authority.

e) The Authority has been named as a defendant in a legal action in respect of increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of $150 million based on the amount of the increase in accommodation charges levied, which came into effect August 1, 2003. The outcome of the claim is not determinable.

Note 20 Correction of Error

The Authority established a self insured benefit plan for dental, extended health, and vision care for its employee group. The plan has accumulated a surplus which is a result of premiums paid being greater than claims submitted. Prior year comparative figures have been adjusted with retroactive effect to include the accumulated surplus less a reserve for unclaimed expenses of the benefit plan.

	2007	Benefit Plan surplus	2007 Restated	2006 Restated
Assets	$ 277,290	$ 1,944	$ 279,234	$ 253,089
Liabilities	261,890	-	261,890	243,112
Net assets	15,400	1,944	17,344	10,977
Total Liabilities and Net Assets	277,290	1,944	279,234	253,089
Revenue	326,533	6	326,539	301,553
Expense	321,305	(1,468)	326,237	297,178
Excess of revenue over expense	$ 5,218	$ 1,074	$ 6,292	$ 4,375

Note 21 Accumulated Deficit

The Authority is reporting an accumulated deficit of $2,084 as of March 31, 2008. In compliance with Alberta Regulation 15/95 of the RHA Act, the Authority is required to provide the Minister with a written plan to eliminate the accumulated deficit within 3 years.

Note 22 Comparative Figures

Certain 2007 figures have been reclassified to conform to the 2008 presentation.

Note 23 **Subsequent Event**

On May 15, 2008, the Minister of Health and Wellness issued a Ministerial Order, M.O. #30/2008, to restructure the governance structure of the health services delivery system in Alberta. Accordingly, effective April 1, 2009, the Authority will be disestablished and all the assets, liabilities, rights and obligations of the Authority will become the assets, liabilities, rights and obligations of the Alberta Health Authority.

Note 24 **Approval of Financial Statements**

These financial statements have been approved by the Board of the Authority.

Schedule 2

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
For the Year Ended March 31, 2008
(in thousands)

	Budget	2008	2007 (Restated - note 20)
Salaries and benefits (Schedule 2)	$ 194,297	$ 197,050	$ 179,853
Contracts with health service providers (Note 16 f)	56,044	60,961	54,372
Drugs and gases	6,464	6,154	6,209
Medical and surgical supplies	9,574	9,440	8,857
Other contracted services	25,828	24,373	22,033
Interest on long-term debt	12	11	11
Other *	37,183	38,301	35,575
Amortization:			
Capital equipment - internally funded	2,850	2,364	2,379
Capital equipment - externally funded	4,757	5,857	4,873
Facilities and improvements - internally funded	253	255	285
Facilities and improvements - externally funded	7,983	7,970	7,529
	345,246	352,676	321,775
Less amounts reported in ancillary operations (Note 13)	(1,449)	(1,617)	(1,538)
	$ 343,797	$ 351,059	$ 320,237

*Included in other expenses are the following:

Supplies	$ 17,000	$ 16,695	$ 16,012
Minor equipment and maintenance	7,677	8,746	7,139
Travel	4,008	4,097	3,948
Utilities	5,498	5,789	5,674
Other	2,945	3,014	2,782
	$ 37,183	$ 38,301	$ 35,575

HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
For the Year Ended March 31, 2008
(in thousands)

		2008								2007 (Restated-note 20)	
		Number of FTEs[1]	Base Salary[2]	Other Cash Benefits[3]	Other Non-cash Benefits[4]	Sub Total	Severance[5] Number of FTEs	Severance[5] Amount	Total	Number of FTEs[1]	Total
Health Authority Chairperson	Ady, Jack	1.00	$ -	$ 36	$ -	$ 36	-	$ -	$ 36	1.00	$ 32
Board members											
	Bier, Dawn	1.00	-	6	1	7	-	-	7	1.00	16
	Bishoff, Phyllis	1.00	-	6	-	6	-	-	6	1.00	12
	Fay, James	1.00	-	8	-	8	-	-	8	1.00	13
	Hickman, Lloyd	1.00	-	7	1	8	-	-	8	1.00	11
	Kelly, Inez	1.00	-	8	-	8	-	-	8	1.00	14
	Marra, Sam	1.00	-	13	-	13	-	-	13	1.00	18
	Olsen, Thaine	1.00	-	8	-	8	-	-	8	1.00	12
	Paterson, Beverley	1.00	-	8	-	8	-	-	8	1.00	11
	Rati, Roy	1.00	-	8	-	8	-	-	8	1.00	13
	Sanford, Arthur	1.00	-	9	-	9	-	-	9	1.00	13
	Schindeler, Douglas J.	1.00	-	7	-	7	-	-	7	1.00	10
Sub-total		12.00	-	124	2	126	-	-	126	12.00	175
Staff											
Chief Executive Officer (6)		1.00	290	-	275	565	-	-	565	1.00	312
Management reporting to CEO:											
	Chief Clinical Officer	1.00	335	13	-	348	-	-	348	1.00	320
	Chief Operating Officer	1.00	207	-	175	382	-	-	382	1.00	219
	Chief Information Officer	0.97	153	-	24	177	-	-	177	-	-
	Director Corporate Communications	1.00	101	-	20	121	-	-	121	1.00	125
	Director Corporate Fundraising	0.54	55	-	9	64	-	-	64	1.00	115
	Director Corporate Planning & Support	1.00	107	-	20	127	-	-	127	1.00	128
	Director Workforce Planning	0.79	93	-	17	110	-	-	110	-	-
	Executive Director Labour Relations	1.00	118		24	142	-	-	142	-	-
	Executive Director People Strategies	1.00	118	-	23	141	-	-	141	0.42	51
	Executive Director Special Projects	0.52	72	-	12	84	-	-	84	1.00	149
	Foundations Consultant	0.50	60	-	11	71	-	-	71	-	-
	Manager of Executive Suite	1.00	79	-	18	97	-	-	97	1.00	92
Other management reporting to those above		11.26	1,425	-	259	1,684	1.00	97	1,781	12.68	1,975
Other management		97.23	9,770	-	1,940	11,710	5.00	115	11,825	88.50	9,917
Medical doctors not included above		5.08	1,614	-	93	1,707	0.00	-	1,707	4.93	1,504
Regulated nurses not included above											
- RN's, Reg. Psych, Nurses, Grad Nurses		738.36	53,879	7,736	18,622	72,237	1.00	30	72,267	713.20	66,252
- LPNs		170.91	7,507	729	1,415	9,651	0.00	-	9,651	165.92	8,986
Other health technical & professionals		542.48	36,512	1,123	6,837	44,472	2.00	68	44,540	514.99	41,804
Unregulated health service providers		175.91	5,620	684	1,107	7,411	0.00	-	7,411	164.87	6,840
Other staff		884.79	36,613	1,198	7,414	45,225	6.70	88	45,313	857.80	40,838
Total Staff Compensation		2,637.34	154,728	11,483	30,315	196,526	15.70	398	196,924	2531.31	179,627
Grand Total		2,649.34	$154,728	$ 11,607	$ 30,317	$ 196,652	15.70	$ 398	$197,050	2,543.31	$ 179,802

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
For the Year Ended March 31, 2008

(1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 4,413 (2007 - 4,237). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.

(2) Base salary includes pensionable base pay.

(3) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.

(4) Other non-cash benefits include:

a. Employer's current and prior service cost of supplementary retirement plans per note (7) below.
b. Share of all employee benefits and contributions or payments made on behalf of employees including pension, healthcare, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition.
c. Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

(5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.

(6) The Chief Executive Officer is provided with an automobile; no dollar amount is included in other non-cash benefits.

(7) Supplemental Executive Retirement Plans (SERPs)

Under the terms of the supplementary executive retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period, but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SERP provides future pension benefits to participants based on years of service and earnings.

SUPPLEMENTARY RETIREMENT BENEFITS

	2008			2007
	Current Service Cost	Prior Service & Other Costs	Total	Total
Chief Executive Officer	$ 37	$ 216	$ 253	$ 38
Chief Operating Officer	23	130	153	17
Retired Executive	-	9	9	9
	$ 60	$ 355	$ 415	$ 54

The accrued obligation for each executive under the SERP is outlined as following:

	Accrued obligation March 31, 2007	Change in accrued obligation	Accrued obligation March 31, 2008
Chief Executive Officer	$ 86	$ 262	$ 348
Chief Operating Officer	53	153	206
Retired Executive	226	(13)	245
	$ 415	$ 384	$ 799

PALLISER HEALTH REGION

FINANCIAL STATEMENTS

March 31, 2008

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PALLISER HEALTH REGION
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
Financial Statements
March 31, 2008

The accompanying financial statements are the responsibility of management and have been approved by the senior management. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained and assets are adequately safeguarded. Palliser has established a code of ethics and corporate directives, which include communication of the code to employees.

Palliser's board members carry out their responsibility for the financial statements through the Audit Committee. This Committee will meet with management and the external auditors, Johnston Morrison Hunter & Co. LLP, to review financial matters, and will recommend the financial statements to the Palliser Health Region Board for approval upon finalization of the audit. The external auditors have free access to the Audit Committee.

The external auditors, Johnston Morrison Hunter & Co. LLP, provide an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

[Original Signed by Tom Seaman]

Tom Seaman
President / Chief Executive Officer
May 16, 2008

[Original Signed by Seamas O'Fuarthain]

Seamas O'Fuarthain
Chief Financial Officer
May 16, 2008

AUDITORS' REPORT

TO THE MEMBERS OF THE PALLISER HEALTH REGION AND THE MINISTER OF ALBERTA HEALTH AND WELLNESS

We have audited the statement of financial position of the Palliser Health Region as at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Palliser Health Region as at March 31, 2008 and the results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original Signed by Johnston Morrison Hunter & Co. LLP, Chartered Accountants]

CHARTERED ACCOUNTANTS

MEDICINE HAT, ALBERTA
MAY 16, 2008

The official version of this audit report, and information it covers, is in printed form.

PALLISER HEALTH REGION
STATEMENT OF FINANCIAL POSITION
March 31, 2008
(thousands of dollars)

	2008	2007
ASSETS		
Current assets:		
Cash and short-term investments (note 3)	$1,486	$20,711
Accounts receivable	4,934	4,473
Contributions receivable from Alberta Health and Wellness	1,921	2,105
Inventories	1,239	1,091
Prepaid expenses	2,308	1,972
	11,888	30,352
Non-current investments (note 3)	28,852	12,584
Non-current advance - continuing care partnerships (note 4)	8,785	9,190
Other assets (note 5)	299	322
Capital assets (note 6)	76,872	73,731
TOTAL ASSETS	$126,696	$126,179
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	14,678	14,210
Accrued vacation pay	8,512	7,422
Deferred contributions (note 7)	13,174	15,534
	36,364	37,166
Deferred contributions - continuing care partnerships (note 4)	8,785	9,190
Unamortized external capital contributions	67,928	63,516
Net assets:		
Accumulated surplus (note 9)	4,675	6,092
Investment in capital assets from internally funded sources	8,944	10,215
	13,619	16,307
TOTAL LIABILITIES AND NET ASSETS	$126,696	$126,179

Commitments and contingencies (note 10)

The accompanying notes and schedules are part of these financial statements.

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PALLISER HEALTH REGION
STATEMENT OF OPERATIONS
Year ended March 31, 2008
(thousands of dollars)

	2008 Budget (unaudited - note 11)	2008 Actual	2007 Actual
Revenue:			
Alberta Health & Wellness contributions (note 12)	$174,540	$174,540	$161,891
Other government contributions (note 13)	2,742	2,879	2,742
Fees and charges	16,280	16,025	16,858
Ancillary operations, net (note 14)	194	254	229
Donations	300	285	321
Investment and other income (note 15)	3,507	4,955	4,765
Amortization of external capital contributions	5,969	5,812	5,467
	203,532	204,750	192,273
Expenses (schedule 1):			
Facility-based inpatient acute nursing services	53,155	54,099	47,933
Facility-based emergency and outpatient services	11,774	12,382	10,901
Facility-based continuing care services	25,106	23,998	23,517
Ground Ambulance Discovery Project	4,397	4,405	4,403
Community-based care	6,325	6,069	5,989
Home care	9,493	9,321	8,612
Diagnostic and therapeutic services	37,426	37,631	34,497
Promotion, prevention and protection services	6,193	5,927	5,541
Administration	8,251	8,653	8,042
Information technology	6,043	5,237	5,707
Support services	35,604	36,731	34,281
Amortization of facilities and improvements	3,165	2,985	2,918
	206,932	207,438	192,341
Deficiency of revenue over expenses	($3,400)	($2,688)	($68)

The accompanying notes and schedules are part of these financial statements.

PALLISER HEALTH REGION
STATEMENT OF CHANGES IN NET ASSETS
Year ended March 31, 2008
(thousands of dollars)

	2008 Accumulated Surplus	2008 Investment in Capital Assets From Internally Funded Sources	2008 Total	2007 Total
	(Note 9)			
Deficiency of revenue over expenses	($2,688)		($2,688)	($68)
Capital assets purchased with internal funds	(1,098)	1,098	0	0
Amortization on internally funded capital assets	2,369	(2,369)	0	0
Net change	(1,417)	(1,271)	(2,688)	(68)
Net assets, beginning of year	6,092	10,215	16,307	16,375
Net assets, end of year	$4,675	$8,944	$13,619	$16,307

The accompanying notes and schedules are part of these financial statements.

PALLISER HEALTH REGION
STATEMENT OF CASH FLOWS
Year ended March 31, 2008
(thousands of dollars)

	2008 Budget	2008 Actual	2007 Actual
	(unaudited - note 11)		
Cash generated from (used by):			
Operating activities:			
Deficiency of revenue over expenses	*($3,400)*	($2,688)	($68)
Non cash transactions:			
Amortization of capital equipment - internally funded	*2,567*	2,369	2,292
Amortization of capital equipment - externally funded	*2,400*	2,422	2,145
Amortization of facilities and improvements	*3,195*	3,014	2,947
Amortization of continuing care partnership project	*404*	405	404
Amortization of external capital contributions	*(5,999)*	(5,841)	(5,496)
Change in non-cash working capital		(1,563)	6,751
	(833)	(1,882)	8,975
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	*(1,915)*	(1,098)	(1,766)
Externally funded - equipment	*(3,905)*	(3,662)	(2,025)
Externally funded - facilities and improvements	*(3,195)*	(6,186)	(3,050)
Reduction in other assets		23	156
Purchase of investments		(17,644)	0
Proceeds on maturity of investments	*600*	1,376	3,213
	(8,415)	(27,191)	(3,472)
Financing activities:			
Capital contributions received	*7,100*	9,848	5,075
Decrease in bank indebtedness	*0*	0	(934)
	7,100	9,848	4,141
Increase (decrease) in cash and short-term investments	*(2,148)*	(19,225)	9,644
Cash and short-term investments, beginning of year	*20,711*	20,711	11,067
Cash and short-term investments, end of year	*$18,563*	$1,486	$20,711

The accompanying notes and schedules are part of these financial statements.

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008
(thousands of dollars)

1. Authority, Purpose and Operations

The Palliser Health Region ("Palliser") was established June 24, 1994 under the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. Palliser is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

Palliser delivers appropriate, accessible and affordable health services in south-eastern Alberta ("the Region"), operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

Palliser's operations include the following facilities and sites:

Bassano Health Centre
Bow Island Health Centre and Alfred Egan Home
Bow Island Community Health Office
Brooks Health Centre
Brooks Home Care Office
Medicine Hat Regional Hospital
Medicine Hat Community Health Office - Dunmore Road
Medicine Hat Community Mental Health Office – Provincial Building
Oyen Big Country Hospital and Health Office

These financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the Region, except as disclosed in Note 20.

2. Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 31. Following are the significant accounting policies:

a) Revenue Recognition

(i) Unrestricted Non-Capital Contributions

Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Restricted Non-Capital Contributions

Externally restricted non-capital contributions are recognized as revenue in the year when the related expenses are incurred.

2. Significant Accounting Policies and Reporting Practices (continued)

(iii) Restricted Contributions – Continuing Care Partnership Projects

Externally restricted contributions received for the construction of continuing care facilities in the Region operated by voluntary/private health service contract operators are recorded as Deferred Contributions – Continuing Care Partnership Project and are recognized as revenue in the periods in which the related amortization expense of the funded Non-current Advance – Continuing Care Partnership Project is recorded.

(iv) Restricted Capital Contributions

Externally restricted capital contributions are recorded as Deferred Contributions until the contribution is invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to Unamortized External Capital Contributions.

Unamortized External Capital Contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Externally restricted capital contributions for the purchase of land are recorded as direct increases to Investment in Capital Assets.

Investment income subject to external restrictions is deferred and recognized as revenue in the year the related expenses are incurred.

(iv) Asset and Service Contributions

Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

Volunteers contribute a significant amount of time each year to assist Palliser in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services of volunteers are not reported in these financial statements.

b) Services Contracted from Voluntary and Private Health Service Providers

Palliser accounts for all revenues and costs related to services carried out for which it is responsible.

Palliser contracts with voluntary and private providers to provide health services in the region. Where funding for such services is paid directly to the voluntary or private agency by Alberta Health and Wellness, the amount of such funding is reflected as Alberta Health and Wellness contributions and an equivalent amount is recorded as contracted health service expense of Palliser.

Revenue earned by contracted health service providers from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of Palliser. An equivalent amount is recorded as contracted health service expense of Palliser.

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008
(thousands of dollars)

2. Significant Accounting Policies and Reporting Practices (continued)

c) Employee Future Benefits

Palliser participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for Palliser's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which Palliser has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. Palliser does not record its portion of the pension plan's deficit or surplus.

Palliser fully accrues its obligations for employee non-pension future benefits.

Palliser provides a defined Supplemental Executive Retirement Plan (SERP) for certain senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

d) Investments

Non-current investments are recorded at cost unless there has been an other-than-temporary impairment in value. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period.

e) Financial Instruments

In April 2005, the Canadian Institute of Chartered Accountants (the "CICA") issued two new accounting standards on financial instruments. Section 3855 Financial Instruments – Recognition and Measurement addresses when financial instruments should be recognized and how they should be measured. Section 3861 Financial Instruments – Disclosure and Presentation provides standards for how financial instruments should be classified on financial statements and the disclosure requirements.

2. Significant Accounting Policies and Reporting Practices (continued)

The Region adopted both financial instrument standards as of April 1, 2007. As required by the new standards, prior periods have not been restated. As a result of the implementation of Section 3855, the Region's financial instruments were classified as follows:

Financial Assets and Liabilities	Classification
Cash	Held for trading
Investments	Held to maturity
Accounts & Contributions Receivable, Non-current Advances	Loans and receivables
Accounts Payable & Accrued Liabilities, Accrued Vacation Pay	Other financial liabilities

The carrying value of cash, accounts & contributions receivable, non-current advances, accounts payable & accrued liabilities and accrued vacation pay approximates their fair value because of the short-term maturity of these items. It is management's opinion that Palliser is not exposed to significant interest, currency or credit risks arising from these financial instruments, except as disclosed in these financial statements.

f) Inventories

Inventories are valued at the lower of cost or net realizable value, with cost determined by the average cost method. In common with general industry practice, inventories are expensed when issued from central inventory locations to the end user departments.

g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land/Leasehold improvements	20 years
Building service equipment	20 years
Equipment	5-20 years

Construction projects in progress are not amortized until the project is complete.

h) Measurement Uncertainty - Use of Estimates and Assumptions

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. For example, amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008
(thousands of dollars)

3. Cash and Investments

Palliser pools its cash and investment funds with Health Foundations and other associated third parties within Palliser. The cash and investments are held in Palliser's name and consist of the following:

	2008		2007	
	Fair Market Value	Cost	Fair Market Value	Cost
Cash	$ 6,270	$ 6,270	$ 20,556	$ 20,556
Bonds	36,848	36,157	25,379	23,882
Less Health Foundation funds	(6,087)	(6,087)	(5,417)	(5,417)
Less Third Party funds	(6,002)	(6,002)	(5,726)	(5,726)
	$ 31,029	$ 30,338	$ 34,792	$ 33,295

Included in cash is $5,469 (2007 - $7,005) held in a capital bank account representing advances from Alberta Infrastructure for capital and renovation projects. These funds are not available for Palliser's general operations.

Cash and short-term investments are shown on the Statement of Financial Position net of Health Foundation and Third Party Funds, which are available to these organizations on demand. Cash and investments are classified as follows:

	2008	2007
Cash and short-term investments	$ 1,486	$ 20,711
Non-current investments	28,852	12,584
	$ 30,338	$ 33,295

Interest Rate Risk - Palliser manages the interest rate risk exposure of its bonds by management of average duration and laddered maturity dates. Cash has an effective yield related to prime interest rate. Bonds have effective yields of 4.72% to 7.39% (2007 – 4.72% to 7.39%).

At the fiscal year end, the investments have the following maturity structure:

	2008	2007
1 to 5 years	45%	36%
6 to 10 years	47%	57%
11 to 15 years	8%	7%
	100%	100%

Total pooled funds have a market value of $691 greater than book value (2007 - $1,497). Valuation of bonds has been obtained from independent brokerage firms.

Palliser has arranged a line of credit facility of up to $5 million, secured by a general security agreement over all of its assets. No amount is outstanding on this facility at year end.

4. Non-Current Advance – Continuing Care Partnerships

Funds received from Alberta Infrastructure and advanced for the construction of continuing care facilities in the Region, operated by voluntary/private health service contract operators, are recorded as a non-current advance.

Palliser uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds. Under this model, Palliser finances the capital construction costs and extends an advance, which is secured by the facility and is forgivable for services rendered by the owner over the predicted life of the facility. The funding received is recorded as Deferred Contributions – Continuing Care Partnerships and each year a portion is included in revenue with an offsetting expense in accordance with the accounting policies for restricted contributions described in Note 2 (s) (iii). The portion included in revenue, representing the amount forgiven during the year, is $405 (2007 - $404).

During 2002, funding of $7.100 million was received from Alberta Infrastructure and advanced to the Good Samaritan Society for the construction of the 80 bed Southridge Village Project. During 2005, funding of $4.013 million was received from Alberta Infrastructure and advanced to Club Sierra Lifestyles at River Ridge Inc. for the construction of the 50 bed Club Sierra Project.

5. Other Assets

On November 2, 2005, Palliser initiated a fully funded Supplemental Executive Retirement Plan (SERP) for certain senior executives, as noted in 2 (c). At March 31, 2008, the fair value of plan assets is $965 (2007 - $770), the accrued benefit obligation is $666 (2007 - $448) and the net asset is $299 (2007 - $322).

6. Capital Assets

	Cost			
	Opening Balance Apr 1/07	Asset Additions	Asset Disposals	Closing Balance Mar 31/08
Land	$ 852	$ -	$ -	$ 852
Buildings	111,967	-	-	111,967
Land/leasehold improvements	2,533	1,743	-	4,276
Building service equipment	17,284	294	-	17,578
Equipment	28,772	4,760	-	33,532
Construction in progress	4,561	4,149	-	8,710
	$ 165,969	$ 10,946	$ -	$ 176,915

	Accumulated Amortization			Net Book Value	
	Opening Balance Apr 1/07	Additions	Closing Balance Mar 31/08	2008	2007
Land	$ -	$ -	$ -	$ 852	$ 852
Buildings	64,054	2,578	66,632	45,335	47,913
Land/leasehold improve.	2,519	90	2,609	1,667	14
Building service equip.	13,229	346	13,575	4,003	4,055
Equipment	12,436	4,791	17,227	16,305	16,336
Construction in progress	-	-	-	8,710	4,561
	$ 92,238	$ 7,805	$ 100,043	$ 76,872	$ 73,731

Capital assets have been funded from the following sources:

	2008	2007
Externally funded (Unamortized External Capital Contributions)	$ 67,928	$ 63,516
Internally funded (Investment in Capital Assets)	8,944	10,215
	$ 76,872	$ 73,731

7. Deferred Contributions

The balance at the end of year is restricted for the following purposes:

	2008	2007
Alberta Telestroke program	$ 20	$ 51
Clinical Telehealth	151	-
Continuing care projects	584	798
Innovation in immunization	140	250
Innovation in pre-school development	131	-
Mental health projects	1,270	1,159
Physician on call	939	835
Regional Health Promotion Coordinators – healthy weights	370	-
Security of systems	239	-
Diagnostic/medical equipment	-	1,459
EHR client registry transition	-	75
Pandemic funding	891	-
Public health safety – hand hygiene	300	-
Reducing and avoiding injury	728	-
Infrastructure - maintenance program and projects	5,411	9,407
PCN – proportionate share of deferred contributions (Note 18)	2,000	1,500
	$ 13,174	$ 15,534

8(a). Long Term Employee Benefits - Supplementary Retirement Plan

	2008	2007
Accrued benefit obligation:		
Accrued obligation, beginning of year	$ 876	$ 626
Current service cost	57	46
Interest cost	48	36
Prior service cost	2	0
Actuarial loss (gain)	247	172
Benefit payments	-6	-4
Accrued obligation, end of year	1,224	876
Reconciliation of funded status of accrued benefit asset:		
Funded status of plan (deficit)	-259	-105
Unamortized actuarial loss (gain)	384	168
Unrecognized initial obligation	173	259
Unamortized prior service costs	1	0
Accrued benefit asset (liability)	299	322
Determination of net benefit cost for the year:		
Current service cost	57	46
Interest cost	48	36
Amortization of initial obligation	86	140
Amortization of prior service costs	1	0
Amortization of net actuarial loss	42	1
Expected return on plan assets	-23	-20
Benefit cost	$ 211	$ 203
Significant actuarial assumptions are as follows:		
Discount rate	5.20%	5.20%
Expected average remaining service life of employees	3 years	4 years
Salary increase	4.00%	3.50%

The above is based on the actuarial valuation performed at March 31, 2008.

8(b). Long Term Employee Benefits - Pension Expense

Palliser participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to Palliser's annual contributions payable of $5,913 for the year ended March 31, 2008 (2007 - $5,391).

At December 31, 2007, the Local Authorities Pension Plan reported an actuarial deficiency of $1.183 billion (December 31, 2006 - actuarial deficiency of $0.747 billion).

9. Accumulated Surplus

Palliser's accumulated surplus comprises the following:

	2008	2007
Unrestricted net assets	$ -	$ -
Internally restricted net assets:		
Future capital equipment replacement	4,675	6,092
	$ 4,675	$ 6,092

10. Commitments and Contingencies

Palliser has entered into various multi-year commitments for the purchase of supplies. Also, Palliser contracts on an ongoing basis with unions and health service operators to provide services to the Region. These commitments have contracts terms varying from one to eight years in length, are part of the ordinary course of operations and are contracted for in upcoming years on similar terms to those in effect for the current fiscal year.

In the normal course of operations, various claims and lawsuits are brought against Palliser. Palliser has determined that there will be no material adverse effect on its financial position from these claims.

With regard to its buildings, Palliser has identified that certain costs could arise (asset retirement obligations) on decommissioning for which fair value cannot currently be reasonably estimated, due to the indeterminate timing and scope of when and how the buildings might be decommissioned in the future. The asset retirement obligations for these assets will be recorded in the period in which there is sufficient information to estimate fair value.

11. Budget (unaudited)

	Approved Budget (a)	Adjustments (b)	Reported Budget
Revenue:			
Alberta Health & Wellness contributions	$173,694	$846	$174,540
Other government contributions	2,742		2,742
Fees and charges	16,280		16,280
Net ancillary operations	194		194
Donations	300		300
Investment and other income	3,507		3,507
Amortization of external capital contributions	5,969		5,969
	202,686	846	203,532
Expenses:			
Facility-based inpatient acute nursing services	52,316	839	53,155
Facility-based emergency and outpatient services	11,699	75	11,774
Facility-based continuing care services	25,031	75	25,106
Ground Ambulance Discovery Project	4,397		4,397
Community-based care	6,902	-577	6,325
Home care	9,152	341	9,493
Diagnostic and therapeutic services	36,849	577	37,426
Promotion, prevention and protection services	5,794	399	6,193
Administration	8,251		8,251
Information technology	6,043		6,043
Support services	35,787	-183	35,604
Amortization of facilities and improvements	3,165		3,165
	205,386	1,546	206,932
Deficiency of revenue over expenses	($2,700)	($700)	($3,400)

(a) Approved Budget - The budget was approved by the Palliser Health Region Board in May 2007 and submitted to the Minister for Health and Wellness for approval.

(b) Adjustments - Over the course of the fiscal year, the Minister provided additional funding and Palliser has allocated this additional funding to address funding expectations. There was also a budget adjustment made to reflect the unanticipated impact of the provincial nurses settlement during the fiscal year ($700).

12. Alberta Health and Wellness Contributions

	2008	2007
Unrestricted contributions	$ 162,131	$ 152,228
Transfers from deferred contributions	12,217	9,471
Legacy Mortgage Assistance Program for nursing home upgrades	192	192
	$ 174,540	$ 161,891

13. Other Government Contributions

	2008	2007
Persons with Developmental Disabilities – Alfred Egan Home	$ 2,879	$ 2,742

14. Ancillary Operations

				2008	2007
	Revenue	Direct Expenses	Amortization Expense	Excess of Revenue over Expense	Excess of Revenue over Expense
Parking operations	$ 343	$ 60	$ 29	$ 254	$ 229
Non-patient food services	778	778	-	-	-
Total	$ 1,121	$ 838	$ 29	$ 254	$ 229

Ancillary operations consist of the sale of goods and services that are not related to the direct provision of health services.

Non-patient food services are intended to operate on a break even basis. The direct expenses for non-patient food services are estimated to be equal to the revenue earned.

15. Investment and Other Income

	2008	2007
Investment income	$ 2,026	$ 1,623
Other income	2,929	3,142
	$ 4,955	$ 4,765

Investment income comprises interest, amortization of discounts (premiums) and net gains on disposal of investments.

Other income comprises Student Health Initiative Program (SHIP), WCB compensation, rental income and miscellaneous recoveries.

16. Related Party – Province of Alberta and Other Health Authorities

The Minister of Health and Wellness appoints Palliser's Board Members. Palliser is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between Palliser and the Province are disclosed in the Statement of Operations and in notes to the financial statements.

Palliser shares a common relationship with other health authorities through its relationship with the Province of Alberta. Transactions between Palliser and other health authorities are conducted on normal commercial terms. Palliser had the following significant transactions with other health authorities recorded on the Statement of Operations and Financial Position:

	2008	2007
Statement of Operations – Other Income:		
Alberta Cancer Board	$ 670	$ 638

17. Related Parties – Regional Shared Health Information Program (RSHIP)

The seven non-metro health regions (Palliser Health Region, Chinook Health Region, David Thompson Health Region, East Central Health, Aspen Health Region, Peace Country Health, Northern Lights Health Region) have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. The standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

RSHIP transactions recorded in the financial statements are as follows:

	2008	2007
Alberta Health and Wellness funding	$ 1,091	$ 1,048
Palliser contribution	569	519
	$ 1,660	$ 1,567
Reported as follows:		
Expenses	$ 569	$ 625
Capital assets	1,091	942
	$ 1,660	$ 1,567

18. Related Parties – Primary Care Network

During 2007, a Primary Care Network (PCN) commenced operation within Palliser. Palliser's share of the PCN is included in the financial statements under the proportionate consolidation method, as follows:

	2008	2007
Opening balance	$ 1,500	$ -
Contributions from Alberta Health and Wellness (net)	500	1,500
Amounts recognized as revenue	-	-
Amounts deferred	$ 2,000	$ 1,500

19. Related Parties - Community Health Foundations

Palliser formed five Foundations in 1996 and has the ability to appoint Palliser Board Members to each Foundation board.

The Foundations were incorporated under the Regional Health Authorities Act and are registered charities under the Income Tax Act. The Foundations primary activities are to raise funds for the improvement of health care services within their respective communities.

The Foundations are not consolidated in the financial statements of Palliser.

Palliser provides certain fundraising, financial services and administrative support to the Foundations. Because of the difficulty in determining its fair value, this assistance is not reported in the financial statements.

Resources held by the Foundations at the end of the year, representing funds which must be used for specific communities, are as follows:

	Unrestricted	Externally Restricted	2008 Total	2007 Total
Bassano & District Health Foundation	$ 42	$ 33	$ 75	$ 25
Bow Island & District Health Foundation	82	60	142	132
Brooks & District Health Foundation	257	413	670	597
Medicine Hat & District Health Foundation	3,480	1,443	4,923	4,447
Oyen & District Health Care Foundation	277	8	285	223
	$ 4,138	$ 1,957	$ 6,095	$ 5,424

Contributions received by Palliser during the year, representing the funding of capital and non-capital items selected by the Foundations, are as follows:

	2008	2007
Bassano & District Health Foundation	$ 6	$ 16
Bow Island & District Health Foundation	101	62
Brooks & District Health Foundation	143	202
Medicine Hat & District Health Foundation	757	586
Oyen & District Health Care Foundation	15	7
	$ 1,022	$ 873

20. Related Parties - Private Health Service Providers

Palliser has an economic interest through its contracts with private health service providers. Transactions between Palliser and health service providers are conducted on normal commercial terms and are presented as follows:

	2008	2007
Palliser funding	$ 26,745	$ 25,465
Alberta Health & Wellness funding	192	192
Fees and charges	6,350	6,650
	$ 33,287	$ 32,307

21. Comparative Figures

Certain 2007 figures have been reclassified and restated to conform to the 2008 presentation.

22. Subsequent Event

On May 15, 2008, the Minister of Health & Wellness issued a Ministerial Order #50/2008, to restructure the governance structure of the health services delivery system in Alberta. Accordingly, effective April 1, 2009, Palliser will be disestablished and all the assets, liabilities, rights and obligations of Palliser will become the assets, liabilities, rights and obligations of the Alberta Health Authority.

	Budget (unaudited - note 11)	2008 Actual	2007 Actual
Salaries and benefits (schedule 2)	$119,960	$121,985	$111,530
Contracts with health service providers (note 20)	35,538	33,287	32,307
Drugs and gases	4,320	4,695	4,042
Medical and surgical supplies	4,592	5,261	4,458
Other contracted services	14,977	15,266	13,649
Other expenses - utilities	3,653	3,772	3,479
Other expenses - miscellaneous	16,226	15,829	15,940
Amortization:			
Capital equipment - internally funded	2,567	2,369	2,292
Capital equipment - externally funded	2,400	2,422	2,145
Facilities and improvements	3,195	3,014	2,947
Continuing care partnership project	404	405	404
Less amounts reported in ancillary operations (note 14)	(900)	(867)	(852)
	$206,932	$207,438	$192,341

PALLISER HEALTH REGION **Schedule 2(a)**

SCHEDULE OF SALARIES AND BENEFITS

Year ended March 31, 2008

(thousands of dollars)

	2008								2007	
	FTE	Base Salary	Other Cash Benefits	Other Non-Cash Benefits	Sub Total	Severance FTE	Severance Amount	Total	FTE	Total
	(1)	(2)	(3)	(4)			(5)		(1)	
Board Members Compensation:										
Carol Secondiak (Chair)			$32		$32			$32		$36
Howard Barker			9		9			$9		11
Jim Black			7		7			$7		5
Hugh Bugbee			5		5			$5		5
Jim Kirwan			7		7			$7		9
Albert McFadyen			12		12			$12		13
Lewa Olstad			12		12			$12		9
Lynne Sargeter			13		13			$13		8
Ken Sauer			6		6			$6		6
Marlin Shields			7		7			$7		12
Rod Sommerfeld			12		12			$12		10
Harold Stefiuk			6		6			$6		7
Craig Widmar			9		9			$9		8
			$137		$137			$137		$139
Staff:										
President / Chief Executive Officer	1.0	262	14	178	454			454	1.0	380
Senior Vice President - Health Services	1.0	175	32	69	276			276	1.0	234
Vice President - Community Health	1.0	146	4	28	178			178	1.0	158
Vice President - Planning & Corporate Services	1.0	146	6	27	179			179	1.0	136
Vice President - Corporate Services (note 7)	0.0				0			0	0.2	92
Chief Financial Officer (note 7)	1.0	170	3	6	179			179	0.8	145
Vice President - Medical Services	1.2	393			393			393	0.8	250
Other Management reporting to those above	30	3,111		555	3,666			3,666	28	3,065
Other Management	30	3,438		613	4,051	1	127	4,178	37	3,812
								0		
Registered Nurses:										
RNs, RPNs, Grad Nurses	633	36,497		6,508	43,005			43,005	633	38,253
LPNs	130	6,608		1,178	7,786			7,786	130	7,053
Other Health Technical & Professionals	295	20,598		3,673	24,271	2	112	24,383	295	22,840
Unregulated Health Service Providers	151	5,115		912	6,027			6,027	151	6,201
Other Staff	629	26,476		4,668	31,144			31,144	373	28,752
	1732	$108,135	$196	$18,415	$121,746	3	$239	$121,985	1675	$111,530

The accompanying notes (1) to (7) are part of this Schedule

PALLISER HEALTH REGION **Schedule 2(b)**

SCHEDULE OF SALARIES AND BENEFITS - NOTES

Year ended March 31, 2008

(thousands of dollars)

(1) The full time equivalent (FTE) has been determined based on the number of hours worked in a standard work year, which is generally 1,914 for registered nurses and 2,023 hours for other occupation groups. The total actual discrete number of individuals employed during the year was 3,091 (2007 - 3,078). "Discrete" number of individuals refers to all employees who were employed during the fiscal year.

(2) For Board Members, Base Salary equals honoraria. For named positions, Base Salary equals pensionable base pay.
For grouped employees, Base Salary includes bonuses, overtime, lump sum payments and vacation liability increases.

(3) For named positions, Other Cash Benefits equals vehicles allowances, lump sum payments and vacation liability increases.

(4) Other non-cash benefits include:

a. Employer's current and prior service cost of supplementary executive retirement plans (per note 6 below).

b. Share of all employee benefits and contributions made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition.

c. Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

(5) Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in other benefits. The severance recorded during the year represents payment to 3 employees (2007 - 1).

(6) Supplemental Executive Retirement Plan (SERP):

Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Costs detailed below are not cash payments during the year, but are the period expense for rights to future compensation. Costs reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. The SERP provides future pension benefits to participants based on years of service and earnings.

The annual benefit for each executive is as follows:

	Current Service Costs	Prior Service & Other costs	2008 Total	2007 Total
President / Chief Executive Officer	36	113	149	114
Senior Vice President - Health Services	15	29	44	27
Vice President - Community Health	2	2	4	0
Vice President - Planning & Corporate Services	2	1	3	0
Other retirees and non-named positions	2	9	11	62
	57	154	211	203

The accrued SERP obligation for each executive is as follows:

	Accrued Obligation Mar 31, 2007	Changes in accrued obligation	Accrued Obligation Mar 31, 2008
President / Chief Executive Officer	542	135	677
Senior Vice President - Health Services	190	29	219
Vice President - Community Health	32	110	142
Vice President - Planning & Corporate Services	15	60	75
Other retirees and non-named positions	97	14	111
	876	348	1224
Less Unrecognized actuarial losses and initial obligations	(428)	(130)	(558)
	448	218	666

(7) Retirement

The Vice President Corporate Services retired in June 2006. The position of Chief Financial Officer was created upon his retirement.

Calgary Health Region

Consolidated Financial Statements

March 31, 2008

CALGARY HEALTH REGION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2008

Management's Responsibility for Financial Reporting

Auditor's Report

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 - Consolidated Schedule of Expenses by Object

Schedule 2 - Consolidated Schedule of Salaries and Benefits

CALGARY HEALTH REGION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2008

The accompanying consolidated financial statements are the responsibility of management and have been approved by the Calgary Health Region Board. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The system of internal controls is further supported by an internal audit staff which conducts periodic audits of all aspects of our operations.

The Region members carry out their responsibility for the consolidated financial statements through an audit committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the consolidated financial statements to the Calgary Health Region Board for approval. The Auditor General of Alberta has free access to the audit committee.

The Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and procedures which allow him to report on the fairness of the consolidated financial statements prepared by management.

[Original Signed by Jack Davis]

Jack Davis
Chief Executive Officer

[Original Signed by Kay Best, FCA]

Kay Best, FCA
Executive Vice President, Risk Management and
Chief Financial Officer

Auditor's Report

To the Board of Directors of the Calgary Health Region
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of the Calgary Health Region as at March 31, 2008 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Original Signed by Fred J. Dunn", FCA
Auditor General

Edmonton, Alberta
May 15, 2008

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2008
(thousands of dollars)

	2008	2007 (Restated) (Note 24)
ASSETS		
Current:		
Cash and cash equivalents (Note 3)	$ 30,863	$ 56,751
Accounts receivable	69,171	48,946
Contributions receivable from Alberta Health and Wellness	49,972	52,103
Inventories	35,576	37,823
Prepaid expenses	11,557	5,600
	198,139	201,223
Non-current cash and investments (Note 3)	468,816	469,191
Capital contributions receivable from Alberta Health and Wellness	475,727	126,374
Capital assets (Note 4)	1,882,851	1,504,385
Other assets (Note 5)	29,078	29,305
TOTAL ASSETS	$ 3,044,711	$ 2,330,478
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 281,525	$ 220,316
Accrued vacation pay	111,129	98,078
Current portion of deferred contributions (Note 6)	95,325	95,115
Current portion of long-term debt (Note 8)	11,353	8,760
	499,332	420,269
Deferred contributions (Note 6)	35,272	34,193
Deferred capital contributions (Note 7)	774,455	336,378
Long-term debt (Note 8)	142,823	140,643
Long-term employee benefit liabilities (Note 9)	8,174	6,180
Unamortized external capital contributions	1,521,365	1,225,689
	2,981,419	2,381,272
Net Assets:		
Unrestricted		
Accumulated deficit (Note 22)	(192,354)	(21,419)
Accumulated net unrealized gains on investments (Note 3(a)(2)(vi))	8,166	-
Investment in capital assets	247,480	170,625
	63,292	149,206
Commitments and contingencies (Notes 4(c), 8(d), 9, 10 and 18)		
TOTAL LIABILITIES AND NET ASSETS	$ 3,044,711	$ 2,530,478

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2008
(thousands of dollars)

	2008 Budget (Note 11)	2008 Actual	2007 Actual (Restated) (Note 24)
Revenue			
Alberta Health and Wellness contributions (Note 12)	$ 2,381,702	$ 2,421,152	$ 2,187,700
Other government contributions (Note 13)	30,819	31,631	30,268
Fees and charges (Note 14)	165,421	165,495	158,271
Ancillary operations, net (Note 15)	4,602	1,229	7,556
Donations	6,529	7,552	7,398
Investment and other income (Note 16)	96,650	109,870	113,354
Amortization of external capital contributions	90,127	85,458	70,161
TOTAL REVENUE	2,775,850	2,822,387	2,574,708
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	767,798	834,140	723,216
Facility-based emergency and outpatient services	326,539	339,337	337,086
Facility-based continuing care services	199,931	205,213	186,112
Community-based care	155,505	167,113	96,745
Home care	102,829	105,487	104,380
Diagnostic and therapeutic services	519,682	520,837	471,494
Promotion, prevention and protection services	66,075	68,355	63,007
Research and education (Note 17)	45,725	42,469	37,507
Administrative	79,276	95,845	69,537
Information technology	94,388	93,959	68,837
Support services	376,166	387,467	365,212
Amortization of facilities and improvements	41,745	43,311	36,674
TOTAL EXPENSES	2,775,650	2,919,933	2,579,777
Deficiency of revenue over expenses	$ -	$ (97,546)	$ (5,069)

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2008

(thousands of dollars)

	2008				2007
	Accumulated deficit	Accumulated net unrealized gains on investments	Investment in capital assets	Total	Total (Restated) (Note 24)
Balance at March 31, 2007	$ (21,419)	$ -	$ 170,625	$ 149,206	$ 143,982
Adjustment due to change in accounting policy (Note 2(s))	-	27,275	-	27,275	-
Adjusted balance at April 1, 2007	(21,419)	27,275	170,625	176,481	143,982
Deficiency of revenue over expenses	(97,546)	-	-	(97,546)	(5,069)
Capital assets purchased with internal funds	(93,325)	-	93,325	-	-
Amortization of internally funded capital assets	27,353	-	(27,353)	-	-
Repayment of long-term debt used to fund capital assets	(7,417)	-	7,417	-	-
Disposal of land	-	-	(429)	(429)	(494)
Purchase of land	-	-	3,866	3,866	10,897
Transfer of land (Note 4(h))	-	-	29	29	-
Net unrealized gains (losses) arising during the year on investments (Note 2(s)(2)(v))	-	(9,717)	-	(9,717)	-
Transfer of net realized gains on investments to revenue (Note 2(s)(2)(v))	-	(9,393)	-	(9,393)	-
Balance at end of year	$ (192,354)	$ 8,166	$ 247,480	$ 63,292	$ 149,286

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2008

(thousands of dollars)

	2008		2007
	Budget	Actual	Actual (Restated) (Note 24)
Operating activities:			
Deficiency of revenue over expenses	$ -	$ (97,546)	$ (5,069)
Non-cash transactions:			
Amortization (Schedule 1)	119,752	112,864	93,655
Amortization of external capital contributions	(90,180)	(85,511)	(78,510)
Other	1,400	4,018	4,312
	30,972	(66,175)	22,388
Net change in non-cash working capital	11,139	28,399	30,429
Cash generated from (used by) operations	42,111	(37,776)	52,817
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	(28,909)	(12,343)	(10,782)
Internally funded - information systems	(51,314)	(58,248)	(14,569)
Internally funded - facilities and improvements	(44,777)	(22,742)	(5,399)
Externally funded - equipment	(30,212)	(26,956)	(41,342)
Externally funded - information systems	(35,161)	(2,725)	(68,819)
Externally funded - facilities and improvements	(507,604)	(335,198)	(236,128)
Externally funded - land	-	(3,866)	-
Debt funded - facilities and improvements	(110,096)	(13,374)	(44,644)
Purchase of CLS, net of cash	--	-	(32,865)
Proceeds from disposal of land	-	-	5,000
Net change in non-current cash and investments	(43,284)	208,541	(253,821)
Net change in non-cash working capital	-	26,269	9,893
Cash used by investing activities	(853,357)	(340,616)	(671,665)
Financing activities:			
Capital contributions received	708,690	257,351	534,932
Principal payments on long-term debt	(8,477)	(8,155)	(3,430)
Proceeds from long-term debt	125,081	3,398	94,773
Cash generated from financing activities	825,294	252,594	626,275
Net increase (decrease) in current cash and investments	$ 7,048	(25,898)	27,427
Current cash and investments, beginning of year		56,751	29,324
Current cash and investments, end of year		$ 30,853	$ 56,751

Significant non-cash transactions (Note 4(h) and (z))

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2008

Note 1 Authority, Purpose and Operations

The Calgary Regional Health Authority was established June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000 and subsequently adopted the name Calgary Health Region (the "Region"). The Region is exempt from payment of income tax and is a registered charity under the Income Tax Act (Canada).

The Region's mandate is to deliver appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

Operations of the Region include the following:

Calgary acute care facilities:
- Alberta Children's Hospital
- Foothills Medical Centre
- Peter Lougheed Centre
- Rockyview General Hospital

Calgary continuing care facilities operating as Carewest:
- Colonel Belcher
- Dr. Vernon Fanning Centre
- George Boyack
- Glenmore Park
- Nickle House
- Royal Park
- Signal Pointe
- Sunrise

Rural acute and continuing care facilities:
- Cancare General Hospital
- Chinook General Hospital
- Didsbury District Health Services
- High River General Hospital
- Linda Rose Continuing Care Centre (in Cremona)
- Oilfields General Hospital (in Black Diamond)
- Strathmore District Health Services
- Vulcan Community Health Centre
- Willow Creek Continuing Care Centre (in Claresholm)

Psychiatric rehabilitation facility:
- Claresholm Care Centre

Other:
- Community health centres and public health units throughout the region.
- Mental health clinics throughout the region.
- Provincial Laboratory for Southern Alberta located at the Foothills Medical Centre.
- The Diagnostic and Scientific Centre and various patient service centres operating as Calgary Laboratory Services within Calgary.
- Numerous hemodialysis satellites sites outside the region.

These consolidated financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health care services in the region.

Note 2 Significant Accounting Policies and Reporting Practices

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 31 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

(i) The financial statements have been prepared on a consolidated basis, except that controlled foundations are not consolidated (Note 19(d)(i)).

Included in these consolidated financial statements are the following wholly owned subsidiaries:

(I) Carewest - The Region contracts with Carewest to provide health services in the region.

(II) Calgary Laboratory Services Ltd. ("CLS") - The Region contracts with CLS to provide health services in the region.

(III) 1115309 Alberta Inc. which operates as Chemical Exposure Support Services.

The transactions between the Region and these subsidiaries have been eliminated on consolidation.

The Region uses the proportionate consolidation method to account for its 50% interest in each of the following Primary Care Networks:

Calgary Foothills Primary Care Network
Calgary Rural Primary Care Network
Calgary West Central Primary Care Network
Highland Primary Care Network
South Calgary Primary Care Network

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(2) These consolidated financial statements were prepared using the deferral method of accounting for contributions; the key elements of our revenue recognition policies are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year the related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until expended on capital assets. Amounts expended, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the year the related amortization expense of the funded capital asset is recorded.

(iv) Externally restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Investment income comprises interest from cash balances, money market and fixed income investments, dividends from equities, and realized gains or losses on the sale of investments. Investment income is calculated on an accrual basis. Interest on fixed income investments is calculated over the term of the investment using the effective interest method. Unrealized gains and losses on investments classified as available for sale are included directly in net assets, until the investments are sold.

- Unrestricted investment income is recognized in the year earned.
- Investment income subject to external restrictions is deferred and recognized as revenue in the year the related expenses are incurred.

(vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Region records the full cost of services for which it is responsible. Full cost transactions comprise the following:

(1) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges is recorded as the Region's fees and charges. An equivalent amount is recorded as program expenses as this revenue funds part of the cost of the Region's programs.

(2) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount is recorded as program expenses as these payments represent part of the cost of the Region's programs.

(3) The estimated cost for use of acute care facilities not owned by the Region is recorded as revenue from other governments contributions and as program expenses, as contract payments from the Region do not include an amount for the use of these facilities.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(4) The estimated cost for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expenses.

(5) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because fair value cannot be reasonably determined.

(c) Financial Instruments

In April 2005, the Canadian Institute of Chartered Accountants (the "CICA") issued two new accounting standards on financial instruments. Section 3855 Financial Instruments – Recognition and Measurement addresses when financial instruments should be recognized and how they should be measured. Section 3861 Financial Instruments – Disclosure and Presentation provides standards for how financial instruments should be classified on financial statements and the disclosure requirements. Another new standard, Section 3865 Hedges, was also issued but the Region does not currently engage in hedging activities.

The Region adopted both financial instrument standards as of April 1, 2007. As required by the new standards, prior periods have not been restated. As a result of the implementation of Section 3855, the Region's financial instruments were classified as follows:

Financial Assets and Liabilities	Classification
Cash	Held for trading
Investments	Available for sale
Accounts receivable, contributions receivable, and mortgage receivable	Loans and receivables
Accounts payable	Other financial liabilities
Long-term debt	Other financial liabilities

As of April 1, 2007, the Region recorded a non-cash credit of $27,275,000 to net assets for the change in accounting for financial assets (Note 2(d) Investments) classified as available for sale and measured at fair value rather than at cost.

The carrying values of current cash, accounts receivable, contributions receivable from Alberta Health and Wellness, capital contributions receivable, and accounts payable approximate their fair value because of the short-term maturity of these items. It is management's opinion that the Region is not exposed to significant interest rate, currency, credit or market risks arising from these financial instruments.

Further disclosure on financial instruments is provided in Note 2(d) Investments, Note 3 Cash and Investments and Note 8 Long-term debt.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Investments are classified as available for sale and are recorded at fair value as it is not management's primary objective to generate trading profits from short-term fluctuations in price nor to hold investments to maturity. Fair values are determined by reference to published price quotations in an active market at year-end.

Transaction costs associated with the acquisition and disposal of investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal. Investment management fees are expensed as incurred. The purchase and sale of investments are accounted for using trade-date accounting.

(e) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting has been applied because the Region has insufficient information to apply defined benefit plan accounting.

The Region provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives of the Region. The cost of these benefits is actuarially determined on an annual basis as at March 31 using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the employee group.

The Region also provides defined contribution pension plans for two employee groups.

(f) Inventories

Inventories are valued at the lower of cost (defined as moving average) and net realizable value.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Capital Assets

Capital assets and work in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Buildings and improvements	10 - 40 years
Equipment	3 - 20 years
Information systems	3 - 7 years
Leased buildings and improvements	term of lease
Building service equipment	5 - 40 years
Land improvements	5 - 40 years

Work in progress includes infrastructure and information systems projects. Actual interest incurred on debt funded projects is capitalized. Work in progress is not amortized until the project is complete.

Land and facilities transferred from Alberta Infrastructure are reported at the net book value recorded by Alberta Infrastructure at the time of the transfer.

Leases transferring substantially all of the benefits and risks of ownership of capital assets are reported as acquisitions of capital assets funded by long-term obligations.

(h) Goodwill and Intangible Assets

Goodwill represents the cost of acquired businesses in excess of the fair value of net identifiable assets acquired. Goodwill is tested for impairment annually or more frequently if changes in circumstances indicate a potential impairment in the carrying value. Intangible assets with definite lives are amortized on a straight-line basis over their remaining lives.

(i) Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible long-lived assets. Asset retirement obligations are recorded when they are incurred if a reasonable estimate of fair value can be determined. Accretion (interest) expense is the increase in the obligation due to the passage of time. The associated retirement costs are capitalized as part of the carrying amount of the asset and amortized over the asset's remaining useful life.

(j) Measurement Uncertainty

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on the estimated useful life of the related assets. The amount recorded for asset retirement obligations is based on estimated future cash flows. Actual results could differ from these estimates.

Note 2 **Significant Accounting Policies and Reporting Practices (continued)**

(k) Accounting Policy Changes

In January 2007, the CICA issued a new standard, Section 1506 Accounting Changes, which prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. The standard also requires disclosure of new sources of generally accepted accounting principles that have been issued but not yet applied. The Region has implemented this new standard in 2007-08 below and in Notes 2(e) and 24.

In December 2006, the CICA issued new accounting standard Section 1535 Capital Disclosures that takes effect for the Region beginning April 1, 2008. This standard will require the Region to disclose certain qualitative and quantitative information regarding our objectives, policies, and processes for management of capital. The impact of this new standard will be reflected in the Region's financial statements for the year ending March 31, 2009.

In December 2006, the CICA issued two other accounting standards that take effect for the Region beginning April 1, 2008. Section 3862 Financial Instruments Disclosures and Section 3863 Financial Instruments Presentation replace Section 3861 Financial Instruments Disclosure and Presentation. These standards will complement the new standards applied in 2007-08 (Note 2(c)) and will expand the disclosure requirements placing an increased emphasis on disclosures about the risks associated with recognized and unrecognized financial instruments and how these risks are managed. The impact of these new standards will also be reflected in the Region's financial statements for the year ending March 31, 2009.

In June 2007, the CICA issued new accounting standard Section 3031 Inventories that takes effect for the Region beginning April 1, 2008. This standard provides guidance on the determination of cost and subsequent recognition as expense, including any write-down to net realizable value. The Region can apply this standard retrospectively with or without restatement of prior periods. The impact of this new standard, not expected to be material in context of total inventories, will be reflected in the Region's financial statements for the quarter ending June 30, 2008.

In February 2008, the CICA issued new accounting standard Section 3064 Goodwill and Intangible Assets that takes effect for the Region beginning April 1, 2009. This standard provides additional guidance on recognition, measurement, presentation and disclosure, and applies to goodwill subsequent to initial recognition. Although this section does apply to not-for-profit organizations, there is no equivalent guidance for not-for-profit organizations at this time. The Region will review this new standard and the impact, if any, will be reflected in the Region's financial statements for the year ending March 31, 2010.

Note 3 **Cash and Investments**

	2008		2007	
	Fair Value	Cost	Fair Value	Cost
	(thousands of dollars)			
Cash	$346,664	$346,664	$466,164	$466,164
Money market	11,988	11,988	30,847	30,646
Fixed income	92,401	91,757	134,618	132,934
Equities	48,626	41,104	81,787	56,208
	$499,679	$491,513	$753,416	$725,942
Current	$ 30,863	$ 30,863	$ 58,406	$ 56,751
Non-current (Note 3(d))	468,816	460,650	695,010	669,191
	$499,679	$491,513	$753,416	$725,942

In order to earn optimal financial returns at an acceptable level of risk, the Region's investment bylaw and policy establish benchmark and maximum asset mix ranges for fixed income investments and equities. The portfolio is rebalanced to the asset mix on a quarterly basis.

a) Interest Rate Risk

The Region manages the interest rate risk exposure of its fixed income investments by management of average duration and laddered maturity dates.

Fixed income investments have an effective yield of 3.99% per annum, an average duration of 5.2 years and the following maturity dates as at March 31, 2008:

1 – 5 years	51%
6 – 10 years	28%
Over 10 years	21%

Money market investments are not exposed to significant interest rate risk due to the short-term maturity of these investments. Investments in equity securities are not exposed to significant interest rate risk.

b) Currency Risk

The Region is exposed to foreign exchange fluctuations on its investments denominated in foreign currencies. However, this risk is mitigated by the fact that the Region's investment bylaw limits non-Canadian equities to 50% of total equities.

c) Credit and Market Risks

The Region's investment bylaw restricts the types and proportions of eligible investments. Money market investments are limited to a rating of R1 or A1 or higher and no more than 10% may be invested in any one issuer. Investments in corporate bonds are limited to BBB rated bonds or higher and to no more than 40% of the total fixed income investments. No more than 10% may be invested in BBB rated bonds. Equities are comprised of publicly traded securities in major stock markets. Investments in debt and equity of any one issuer are limited to 5% of the issuer's total debt and equity. Short selling is not permitted.

Note 3 Cash and Investments (continued)

d) Non-current cash and investments represent the following:

	2008	2007
	(thousands of dollars)	
Deferred capital contributions (Note 7)	$ 774,455	$ 536,378
Capital contributions receivable from Alberta Health and Wellness	(475,727)	(126,574)
Capital accounts payable and accrued liabilities	60,057	33,788
Externally restricted for long-term care partnership projects	34,017	31,075
Proceeds from long-term debt not yet spent	4,082	14,148
Other restricted contributions invested in bonds and equities	71,932	180,176
	$ 468,816	$ 669,191

Note 4 Capital Assets

	2008 Net Book Value	2007 Net Book Value
	(thousands of dollars)	
Buildings and improvements	$ 792,632	$ 755,436
Work in progress	648,539	388,880
Equipment	170,394	166,050
Information systems	109,872	36,625
Leased buildings and improvements	80,647	85,270
Land [1]	52,634	49,153
Building service equipment	34,747	36,264
Land improvements	3,486	3,737
	$ 1,892,951	$ 1,504,395

	Cost				
	Balance April 1, 2007	Transfers	Additions	Disposals	Balance March 31, 2008
			(thousands of dollars)		
Buildings and improvements	$ 1,189,892	$ 44,804	$ 13,135	$ -	$ 1,247,831
Work in progress	388,880	(132,693)	492,352	-	748,539
Equipment	447,469	8,588	48,057	(25,880)	478,234
Information systems	25,679	91,330	-	-	117,009
Leased buildings and improvements	102,211	3,066	-	-	105,277
Land [1]	49,153	5	3,895	(419)	52,634
Building service equipment	60,479	1,304	-	-	61,783
Land improvements	5,452	1	-	-	5,453
	$ 2,269,197	$ -	$ 557,439	$ (26,299)	$ 2,800,337

	Accumulated Amortization			
	Balance April 1, 2007	Amortization	Disposals	Balance March 31, 2008
		(thousands of dollars)		
Buildings and improvements	$ 431,344	$ 35,762	$ -	$ 467,106
Equipment	281,639	43,003	(14,562)	310,080
Information systems	18,947	21,089	-	40,036
Leased buildings and improvements	17,941	8,289	-	26,230
Building service equipment	24,206	2,721	-	26,927
Land improvements	4,715	242	-	4,957
	$ 778,992	$ 111,106	$ (14,562)	$ 875,136

Note 4 Capital Assets (continued)

(a) Land

Land at the following sites has been provided to the Region at nominal values:

Site	Provided by	Lease Expiry
Alberta Children's Hospital	University of Calgary	December 31, 2101
Foothills Medical Centre parkade	University of Calgary	July 30, 2054
Banff Health Unit	Mineral Springs Hospital	January 30, 2028

(b) Transfer of Land and Buildings

During the year, the Province of Alberta transferred land valued at $28,000 (2007 $ - nil) and building valued at $15,155,000 to the Region (2007 - $10,807,000).

(c) Asset Retirement Obligations

The Region has recorded a liability for an asset retirement obligation of $4,118,000 (2007 - $3,500,000) (Note 8). The asset retirement obligation represents the legal obligations associated with the removal of asbestos during planned renovations at the Foothills Medical Centre. The Region has also identified other asset retirement obligations for which the fair value cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligation for these assets will be recorded in the period in which there is sufficient information to estimate fair value.

(d) Funding

Capital assets have been funded from the following sources:

	2008	2007
	(thousands of dollars)	
Externally funded (unamortized external capital contributions)	$ 1,521,363	$ 1,225,689
Internally funded (investment in capital assets)	242,291	168,791
Funded by debt	119,297	109,915
	$ 1,882,951	$ 1,504,395

Note 5 Other Assets

	2008	2007
	(thousands of dollars)	
Goodwill	$ 25,804	$ 25,804
Intangible asset – premise leases (net of accumulated amortization of $142 (2007 - $70)	381	373
Forgivable mortgage receivable – non-current portion	2,973	3,118
	$ 29,078	$ 29,295

Note 6 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

	2008	2007
	(thousands of dollars)	
Current:		
Inpatient acute nursing services	$ 21,136	$ 21,365
Emergency and outpatient services	19,981	14,924
Continuing care services	11,628	9,711
Community-based care	16,159	9,157
Diagnostic and therapeutic services	7,535	4,897
Promotion, prevention and protection services	5,978	9,480
Research and education	6,345	10,572
Information technology	1,291	3,374
Support services	4,154	4,946
Other	1,148	4,887
	95,325	93,113
Non-current:		
Alzheimer/dementia facility	2,973	3,118
Long-term care partnership projects (Note 18)	32,299	31,075
	35,272	34,193
	$ 130,597	$ 127,306

Note 7 Deferred Capital Contributions

Balance at the end of the year is restricted for the following purposes:

	2008	2007
	(thousands of dollars)	
Facilities and improvements	$ 653,508	$ 444,995
Information systems	114,367	70,074
Equipment	6,580	21,309
	$ 774,455	$ 536,378

Note 8 Long-term Debt

	2008		2007	
	Fair Value	Cost	Fair Value	Cost
	(thousands of dollars)			
Debentures payable: [a]				
Parkade loan #1	$ 53,601	$ 52,614	$ 53,575	$ 54,425
Parkade loan #2	47,937	47,238	43,826	44,692
Calgary Laboratory Services purchase	35,865	34,109	40,702	39,430
	$137,403	133,961	$138,103	138,547
Obligation under capital lease:				
Building [b]	$ 19,754	16,097	$19,557	16,358
Asset retirement obligation (Note 4(c))		4,118		3,500
		$154,176		$158,405
Current		$ 11,353		$ 8,762
Non-current		142,823		149,643
		$154,176		$158,405

(a) The Region issued debentures to Alberta Capital Financing Authority (a Province of Alberta related party) to finance the construction of parkades and the purchase in the prior year of the remaining 50.01% ownership interest in CLS. The Region has pledged as security for these debentures revenues derived directly or indirectly from the operations of all parking facilities being built, renovated, owned and operated by the Region.

Parkade loan #1 financed parkades at Foothills Medical Centre and Alberta Children's Hospital.

Parkade loan #2 financed parkades at Rockyview General Hospital, Peter Lougheed Centre and Sheldon M. Chumir Centre.

Note 8 Long-term Debt (continued)

(b) The Region leases a building from the University of Calgary.

(c) The maturity dates and interest rates are:

	Maturity Date	Interest Rate	
		Original	Market
Debentures payable:			
Parkade loan #1	September 2026	4.4025%	4.1950%
Parkade loan #2	September 2027	4.3870%	4.2346%
Calgary Laboratory Services purchase	May 2013	4.6810%	3.4100%
Obligation under capital lease	February 2028	6.5000%	4.2979%

(d) The Region is committed to making payments as follows:

Year ending March 31	Debentures Principal Payments	Capital Lease Minimum Lease Payments
	(thousands of dollars)	
2009	$ 9,040	$ 1,384
2010	9,457	1,384
2011	9,895	1,384
2012	10,352	1,384
2013	10,831	1,390
Thereafter	84,386	22,784
	$ 133,961	29,710
Less: interest		(13,613)
		$ 16,097

Note 9 Long-term Employee Benefit Liabilities

(a) Supplemental Executive Retirement Plan

	2008	2007
	(thousands of dollars)	
Net accrued benefit obligation, beginning of year	$ 11,597	$ 8,283
Current service cost	1,591	1,087
Interest cost	694	535
Prior service cost	-	30
Actuarial loss	88	1,974
Employer payments	(865)	(520)
Net accrued benefit obligation, end of year	$ 12,905	$ 11,597
Net accrued benefit obligation	$ 12,905	$ 11,597
Unrecognized actuarial loss	(4,125)	(4,516)
Unrecognized prior service costs	(606)	(781)
Reported liability	$ 8,174	$ 6,100
Current service cost	$ 1,591	$ 1,087
Interest cost	694	535
Prior service cost amortization	175	155
Actuarial loss amortization	479	318
Net benefit cost	$ 2,939	$ 2,095
Assumptions:		
Discount rate for accrued benefit obligation	5.2%	5.2%
Discount rate for benefit cost	5.2%	5.4%
Expected average remaining service life of employees	9 years	9 years
Salary increase	4%	4%

The value of the accrued benefit obligation under the Plan is fully secured by a combination of contingent assets in the form of a letter of credit held by the trustee plus the balance in the refundable tax account held by the Canada Revenue Agency. The letter of credit is payable to the trustee only if a designated event as defined by the Plan occurs. A designated event includes, for example, the Region becoming insolvent or bankrupt and failing to meet certain Plan conditions.

The amount of the letter of credit has been calculated assuming the Plan has been terminated within the period April 1 to March 31 and all benefits settled in lump sum payments. The lump sum payment for each member is sufficient to purchase an annuity using the Plan's prescribed assumptions and to pay the member's income tax on the lump sum and interest thereon to the date of pension commencement. The required face amount for the letter of credit according to the trust agreement is 110% of the actuarial present value for each member plus 110% of a reasonable estimate of expenses less the assets in the refundable tax account. The face amount of the letter of credit is $18,430,000 for April 1, 2007 to March 31, 2008 ($15,787,000 for April 1, 2006 to March 31, 2007).

Note 9 Long-term Employee Benefit Liabilities (continued)

(b) The Region participates in the Local Authorities Pension Plan (LAPP), which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to the Region's contributions to the plan during the year as determined by LAPP to provide for future benefits payable. Since January 1, 2006, the contribution rates for the employer were 7.75% for earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 10.64% for earnings above YMPE to the maximum allowed. The LAPP Board of Trustees conducts a full review of the plan's performance each year. If the performance deviates from the Board's economic and demographic assumptions, contribution rate changes may be necessary.

At December 31, 2007, LAPP reported a deficit of $1,183,334,000 (2006 – deficit of $746,651,000). The Region has insufficient information to determine its share of this deficit. Therefore, no obligation has been recorded.

(c) Pension expense

	2008	2007
	(thousands of dollars)	
Local Authorities Pension Plan	$ 68,439	$ 59,200
Defined contribution pension plans	8,821	8,112
Supplemental Executive Retirement Plan	2,939	2,095
	$ 80,199	$ 69,407

Note 10 Commitments and Contingencies

(a) Leases

The Region is contractually committed to future operating lease payments until 2026 as follows:

Year ending March 31	(thousands of dollars)
2009	$ 19,019
2010	14,991
2011	16,758
2012	17,915
2013	17,713
Thereafter	69,477
	$ 175,873

Note 10 Commitments and Contingencies (continued)

(b) Capital Assets

The Region has the following outstanding contractual commitments for capital assets:

	2008 (thousands of dollars)
Facilities and improvements	$ 481,729
Information systems	20,894
Equipment	15,593
	$ 518,216

(c) Contracted Health Service Operators

The Region contracts on an ongoing basis with voluntary and private health service operators to provide health services in the Region. The Region has contracted for services in the year ending March 31, 2009 similar to those provided by these operators in 2008.

(d) Legal

In the ordinary course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to pending litigation, the Region believes there will be no material adverse effect on the financial position of the Region.

Note 11 Budget

	Approved Budget (a)	Adjustments (b) (thousands of dollars)	Reported Budget
Revenue			
Alberta Health and Wellness contributions	$ 2,369,197	$ 12,505	$ 2,381,702
Other government contributions	33,698	(2,811)	30,819
Fees and charges	161,980	3,441	165,421
Ancillary operations, net	5,487	(1,005)	4,482
Donations	7,898	(1,569)	6,329
Investment and other income	115,173	(16,533)	98,640
Amortization of external capital contributions	90,127	-	90,127
TOTAL REVENUE	2,785,502	(9,852)	2,775,650
Expense			
Facility-based inpatient acute nursing services	779,547	(11,754)	767,793
Facility-based emergency and outpatient services	367,220	(40,681)	326,539
Facility-based continuing care services	194,389	5,643	199,981
Community-based care	104,881	50,622	155,503
Home care	112,776	(9,947)	102,829
Diagnostic and therapeutic services	511,177	8,505	519,682
Promotion, prevention and protection services	68,483	(2,408)	66,075
Research and education	43,576	2,147	45,723
Administration	94,148	(14,872)	79,276
Information technology	84,867	9,421	94,288
Support services	370,887	(2,721)	376,166
Amortization of facilities and improvements	45,551	(3,806)	41,745
TOTAL EXPENSES	2,785,502	(9,852)	2,775,650
Excess (deficiency) of revenue over expenses	$ -	$ -	$ -

(a) The budget was approved by the Board of the Region on June 26, 2007, and submitted to the Minister of Health and Wellness.

(b) Adjustments relate to classification changes to ensure budgeted revenue and expenses conform with actual reporting classifications.

Note 12 Alberta Health and Wellness Contributions

	2008	2007
	(thousands of dollars)	
Unrestricted contributions	$ 2,240,797	$ 2,092,462
Restricted contributions recognized as revenue	180,355	148,711
Full cost adjustment:		
Contributions made directly by Alberta Health and Wellness to contracted operators (Note 19(e))	-	6,527
	$ 2,421,152	$ 2,187,700

Note 13 Other Government Contributions

	2008	2007
	(thousands of dollars)	
Unrestricted contributions	$ 2,368	$ 2,354
Restricted contributions recognized as revenue	26,004	24,848
Full cost adjustments:		
Fair value for use of non-owned acute care facilities (Note 19(e))	649	588
Fair value for use of non-owned non-acute care facilities	2,610	2,478
	$ 31,631	$ 30,268

Note 14 Fees and Charges

	2008	2007
	(thousands of dollars)	
Acute care – inpatient	$ 57,934	$ 57,129
Acute care – outpatient	19,135	17,045
Continuing care	19,812	18,885
Other	6,554	6,037
Fees and charges – contracted operators:		
Continuing care	57,990	55,010
Other	4,170	4,145
	$ 165,695	$ 158,271

Note 15 Ancillary Operations

	2008				2007
	Revenue	Direct Expenses	Amortization Expense	Excess of Revenue over Expenses	Excess of Revenue over Expenses
	(thousands of dollars)				
Parking operations	$20,109	$12,316	$4,121	$3,672	$ 9,353
Non-patient food services	11,530	10,997	11	522	889
Sales of goods and services	6,101	5,603	2	496	87
Rental operations	1,824	537	-	1,287	1,272
	$39,564	$29,453	$4,134	5,977	11,601
Less: Administrative support to Calgary Health Trust (Note 19(d)(i))				4,748	4,045
Net revenue from ancillary operations				$1,229	$7,556

Note 16 Investment and Other Income

	2008	2007
	(thousands of dollars)	
Recoveries of services, drugs and materials	$ 70,669	$ 68,243
Investment income	21,301	27,989
Gain on settlement of lease receivable	-	1,633
Workers' Compensation Board special dividend	5,908	6,231
Other	11,992	9,258
	$ 109,870	$ 113,354

Note 17 Research and Education

Research and education expenses were funded from the following sources:

	2008	2007
	(thousands of dollars)	
Alberta Health and Wellness contributions:		
Restricted	$ 36,208	$ 28,027
Unrestricted	1,992	4,852
Other government contributions	586	189
Donations	2,026	3,173
Investment and other income	1,857	726
	$ 42,669	$ 37,567

Note 18 Long-term Care Partnership Projects

The Alberta Government has supported long-term care partnership projects by providing one-time, up-front funding to enable the Region to make annual supplementary payments to the partners over the term of the partnership contracts. Amounts invested under the terms of long-term care partnership agreements will be utilized to fund future payments to operators over the next 25 years. These payments have a net present value of $29,953,449 at March 31, 2008 ($2007 - $29,413,000) discounted at 2.9% (2007 – 3.98%). The investments have a market value at March 31, 2008 of $56,201,000 ($2007 - $37,511,000) of which $34,017,000 is classified as long-term. The Region is subject to risk in that the invested amounts may not earn a rate of return adequate to meet the payments as they become due.

	2008	2007
	(thousands of dollars)	
Included in deferred contributions:		
Current portion	$ 2,184	$ 2,185
Non-current portion	32,299	31,075
	$ 34,483	$ 33,260

Note 19 Related Parties

(a) Province of Alberta

The Minister of Health and Wellness appoints the board members of the Region. The Region is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Region and the Ministry are disclosed in the Consolidated Statement of Financial Position, the Consolidated Statement of Operations, and the Notes to the Consolidated Financial Statements.

(b) Health Authorities and Boards

The Region shares a common relationship with other health authorities and boards through its relationship with the Province of Alberta. The Region had the following transactions with other health authorities and boards recorded on the Consolidated Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

	2008			
	Revenue	Expense	Receivable	Payable
	(thousands of dollars)			
Alberta Cancer Board	$19,709	$6,881	$4,849	$205
Alberta Mental Health Board	12,153	7	260	-
Capital Health	2,771	1,604	1,225	480
Chinook Health Region	36	1,005	1	134
Palliser Health Region	407	841	139	177
David Thompson Health Region	1,627	338	-	-

Note 19 Related Parties (continued)

	2007			
	Revenue	Expense	Receivable	Payable
	(thousands of dollars)			
Alberta Cancer Board	$17,302	$6,258	$3,639	$ 25
Alberta Mental Health Board	10,902	4	316	-
Capital Health	1,619	410	609	1,030
Chinook Health Region	28	1,052	-	42
Palliser Health Region	18	917	-	41
David Thompson Health Region	76	508	-	53

(c) Primary Care Networks

The Region's share of the Primary Care Networks' contributions from Alberta Health and Wellness, including amounts received less amounts recognized as revenue in the year, are as follows:

	2008	2007
	(thousands of dollars)	
Deferred contributions, beginning of year	$ 11,162	$ 1,827
Contributions from Alberta Health and Wellness	10,385	12,870
Amounts recognized as revenue	(12,303)	(3,535)
Deferred contributions, end of year	$ 9,244	$ 11,162

Note 19 Related Parties (continued)

(d) Foundations

(i) Calgary Health Trust

The Calgary Health Trust is considered a controlled foundation as the Region appoints the majority of the voting members of the Foundation's Board of Directors. The purpose of the Trust is to benefit the Region, each facility within the Region and individual health programs and services operated by the Region, and to hold funds for its own account and, without restriction, to manage endowment funds received from any source. The Trust is a registered charity under the Income Tax Act (Canada). The Calgary Health Trust is not consolidated in these financial statements.

The Region, the Trust, and the University of Calgary (the "University") are collaborating in a joint fundraising initiative branded "Reach!". The purpose of Reach! is to employ the expertise of the participants to create specific donor opportunities and raise philanthropic capital to achieve new world standards of health care over the next ten years. Under the initiative, the Trust receives donations and makes grants to the Region, the University and other health-related organizations as requested by the donors.

The following aggregated financial information of the Trust is presented using the same accounting policies as the Region.

	Calgary Health Trust	
	2008	2007
	(thousands of dollars)	
Revenue	$ 34,721	$ 24,755
Expenses	33,726	24,295
Excess of revenue over expenses	$ 995	$ 460
Total assets	$ 108,062	$ 92,556
Total liabilities	(90,239)	(76,472)
Net assets	$ 17,823	$ 16,084
Resources held by the Trust:		
Endowments	$ 16,799	$ 15,624
Unrestricted	1,024	460
Deferred contributions	76,599	64,002

Note 19 Related Parties (continued)

Transactions in the normal course of operations between the Region and the Trust are as follows:

	2008	2007
	(thousands of dollars)	
Administrative support provided by the Region	$ 4,748	$ 4,045
Charitable disbursements received by the Region	11,821	5,259
Accounts payable to the Region	(273)	(56)
Fair value for use of office space provided by the Region – not included in administrative support	350	320

(ii) Other Foundations

The Region has economic interests in several foundations which raise funds to benefit the Region and other health related entities. The resources held by these foundations are not necessarily limited for use by the Region. These foundations are not consolidated in these financial statements. The foundations are registered charities under the Income Tax Act (Canada). The foundations are:

Alberta Children's Hospital Foundation
Canmore and Area Health Care Foundation
Claresholm and District Health Foundation
High River District Health Care Foundation
Oilfields/Okotoks Health Foundation
Rosebud Health Foundation
Strathmore District Health Foundation

Note 19 Related Parties (continued)

(e) Contracted Health Service Operators

The Region has an economic interest through its contracts with voluntary and private health service providers in the region. Funding was provided as follows:

	Direct Regional Funding	Direct Alberta Health and Wellness Funding	Fees and Charges and Other Income	Full Cost Adjustments	Total
	(thousands of dollars)				
2008					
Voluntary health service providers	$ 76,964	$ -	$ 33,383	$ 649	$ 100,896
Private health service providers	142,496	-	39,370	-	181,866
	$ 219,460	$ -	$ 69,453	$ 649	$ 282,762
2007					
Voluntary health service providers	$ 80,086	$ 2,076	$ 22,151	$ 988	$ 94,401
Private health service providers	126,321	4,451	37,230	-	168,002
	$ 195,407	$ 6,527	$ 59,681	$ 988	$ 262,603

(f) University of Calgary

The University is considered a related party as the Province of Alberta appoints the board members of both the Region and the University. Transactions in the normal course of operations between the Region and the University recorded at their exchange amounts are as follows:

	2008	2007
	(thousands of dollars)	
Amount included in expenses [i]	$ 37,000	$ 28,000
Amount included in revenue [ii]	18,000	14,000
Net payable by the Region to the University	11,500	6,000

[i] The Region pays to the University amounts related to: physicians; research projects, studies and grants; programs; and support services.

[ii] The Region receives from the University amounts related to: utilities; salaries and benefits; and materials, supplies and overheads.

The Region leases a building from the University (Note 8(b)).

Note 20 Contracts under the Health Care Protection Act

The Region has contracts with the following surgical facilities pursuant to the *Health Care Protection Act*:

Name of Service and Entity	Term of Contract	Annual Contract Value	Total Payment 2008	Total Payment 2007
			(thousands of dollars)	
Ophthalmology [i]	Oct 1/03 – Mar 31/08			
Global Eye Centre		$ 1,200	$ 1,494	$ 1,468
Holy Cross Surgical Services		3,754	3,301	3,042
Michael Edward Ashenhurst, Prof. Corp.		99	45	48
Mitchell Surgi-Centre and Mitchell Eye Centre		572	1,077	1,323
Rocky Mountain Surgery Centre		1,515	908	918
Surgical Centres Inc.		3,153	2,154	1,260
Orthopedic Surgical Services				
Health Resource Centre – Calgary	Feb 1/07 – Mar 31/12	13,000	7,821	7,351
Oral Surgery	July 1/07 – June 30/12	219		
Brian Wehmeyer, Prof. Corp.			47	34
Brett Hildebrand, Prof. Corp.			41	33
Douglas J. Vincelli, Prof. Corp.			47	44
Francis Stukley, Prof. Corp.			14	19
Heidi-Wyn Lloyd Wilson, Prof. Corp.			10	12
Royal View Surgi Centre			13	27
Steve Burns, Prof. Corp.			33	29
Terence A. Semenec			8	11
Pregnancy Termination				
Essington Clinic	Oct 1/03 – Mar 31/08	1,500	1,029	1,335
			$ 15,814	$ 15,692

Payments to these surgical facilities are reported under facility-based emergency and outpatient services in the Consolidated Statement of Operations.

[i] Actual expenses exceed the annual value of the contract for some ophthalmologists because contracted procedures not performed by other ophthalmologists were reallocated.

Note 21 Trust Funds

The Region receives funds in trust from Alberta Health and Wellness to pay other Regional Health Authorities for certain programs coordinated by the Region. The Region receives other funds in trust for research and development, education and other programs. The Region receives funding from Alberta Health and Wellness for the Primary Care Networks; the Region uses these funds to cover the Primary Care Networks' expenditures until they make their own banking arrangements. The Region also receives funds in trust from continuing care residents for personal expenses. These amounts are not reflected in these consolidated financial statements.

	2008	2007
	(thousands of dollars)	
Balances of funds held by the Region:		
Alberta Health and Wellness		
- Received	$ 31,879	$ 15,806
- Receivable	-	27,000
Research and development, education and other programs	5,036	4,831
Primary Care Networks	3,286	7,768
Continuing care residents	537	595
	$ 40,738	$ 56,000

Note 22 Accumulated Deficit

The accumulated surplus of the Region is insufficient to cover the current year's operating deficit. In order to comply with Alberta Regulation 15/95 of the RHA Act, the Region is required to provide the Minister with a plan by July 31, 2008, in writing, that is satisfactory to the Minister, to eliminate the accumulated deficit within three years of it being incurred.

Note 23 Subsequent Event

On May 15, 2008, the Minister of Health and Wellness issued a Ministerial Order, M.O. 050/2008, to restructure the governance structure of the health services delivery system in Alberta. Accordingly, effective April 1, 2009, the Region will be disestablished and all the assets, liabilities, rights and obligations of the Region will become the assets, liabilities, rights and obligations of the Alberta Health Authority.

Note 24 Prior Period Adjustments

During the year, the Region identified and corrected errors from prior years. These errors and related adjustments to previously reported balances are as follows:

(a) The funds supporting the long-term and short-term disability plan reserves were reported as held by the carrier instead of by the Region. The error occurred in 2006 and carried forward to the current year.

(b) Various major equipment purchased by the Region after April 1, 2001 were not amortized using the appropriate useful lives as per prescribed guidelines.

(c) The Region reviewed the internal/external funding split in the capital assets sub-ledger, and identified capital assets that were previously reported with incorrect funding sources. The error occurred from 2004 to 2007.

	As Originally Restated	(a)	(b)	(c)	As Restated
			(thousands of dollars)		
For the year ended March 31, 2007					
Revenue	$1,574,049	$ -	$ 1,256	$(627)	$1,574,778
Expenses	2,579,619	(1,232)	1,390	-	2,579,777
Deficiency of revenue over expenses	(5,570)	1,232	(134)	(627)	(5,099)
As at March 31, 2007					
Prepaid expenses	4,337	1,263	-	-	5,600
Capital assets	1,510,550	-	(5,910)	-	1,504,365
Accounts payable and accrued liabilities	332,543	10,380	-	378	329,536
Current portion of long-term debt	9,022	-	-	(270)	8,752
Deferred capital contributions	334,729	-	-	1,849	336,578
Long-term debt	140,751	-	-	(106)	140,645
Unamortized external capital contributions	1,250,815	-	(5,320)	(7,809)	1,225,686
Accumulated deficit	(10,699)	(9,132)	-	(2,252)	(21,419)
Investment in capital assets	165,652	-	(615)	5,195	170,635
As at March 31, 2006					
Net assets	169,230	(10,364)	(511)	4,587	163,942

Note 25 Comparative Figures

Certain 2007 figures have been reclassified to conform to 2008 presentation.

Note 26 Approval of Financial Statements

These consolidated financial statements have been approved by the Board of the Region.

Schedule 1

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2008

(thousands of dollars)

	2008 Budget	2008 Actual	2007 Actual (Restated) (Note 24)
Salaries and benefits (Schedule 2)	$ 1,532,468	$ 1,579,404	$ 1,370,865
Contracts with health service operators	350,695	357,441	332,532
Contracts under the Health Care Protection Act (Note 20)	12,060	16,914	15,602
Drugs and gases	83,916	92,601	91,765
Medical and surgical supplies	108,641	117,513	107,435
Other contracted services [a]	285,541	340,101	278,538
Interest on long-term debt	6,411	6,176	4,771
Other [b]	311,118	335,254	316,974
	2,690,850	2,845,404	2,518,482
Amortization:			
Capital equipment – internally funded	11,811	10,334	11,281
Capital equipment – externally funded	37,097	34,492	33,725
Information systems – internally funded	7,763	7,371	3,098
Information systems – externally funded	17,460	13,332	5,199
Facilities and improvements – internally funded	9,928	9,578	8,695
Facilities and improvements – externally funded	35,623	37,687	31,587
Intangible assets – internally funded	70	70	70
	119,752	112,864	93,655
	2,808,402	2,958,268	2,612,137
Less amounts reported in ancillary operations	(28,135)	(33,587)	(28,315)
Less administrative support to Calgary Health Trust (Note 19(d)(i))	(4,617)	(4,748)	(4,045)
	$ 2,775,650	$ 2,919,933	$ 2,579,777

Schedule 1 (continued)

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2008

(thousands of dollars)

[a] Other contracted services include the following:

	2008	2007
Medical purchased services	$ 232,704	$ 189,263
Other purchased services	91,490	78,872
Legal fees	3,569	1,925
Other professional fees	12,338	8,478
	$ 340,101	$ 278,538

[b] Other includes the following:

	2008	2007
Clinical lab and therapeutic supplies	$ 45,902	$ 43,356
Utilities	35,472	37,096
Referred out services	37,044	31,503
Minor equipment	22,186	28,845
Rented space	30,751	25,747
Equipment maintenance	25,033	24,504
Department and office supplies	20,751	22,098
Communication and education	24,176	19,897
Food supplies	19,207	18,038
Repairs and maintenance	17,290	15,289
Recruitment and travel	16,562	13,213
Housekeeping and laundry supplies	9,990	8,859
Plant maintenance and equipment supplies	6,353	6,227
Insurance	4,477	4,596
Other	20,280	18,616
	$ 335,254	$ 316,974

Schedule 2

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2008

(thousands of dollars)

	2008								2007	
	FTE's [1]	Base Salary [2]	Other Cash Benefits [3]	Other Non-Cash Benefits [4][5][6]	Subtotal	Number of Individuals	Severance	Total	FTE's [1]	Total
Board Chair										
David Tuer	1.00	$-	$ 36	$ 3	$ 39	-	$-	$ 39	1.00	$ 44
Board Members										
Courtney Rousseau	1.00	-	21	2	23	-	-	23	1.00	23
Diane Calefti	1.00	-	9	1	10	-	-	10	1.00	13
Eileen Grant	-	-	-	-	-	-	-	-	0.12	4
George Pinchbeck	1.00	-	21	2	23	-	-	23	1.00	16
Gordon McPherson	1.00	-	16	2	18	-	-	18	1.00	15
Loreen Gilmour	1.00	-	10	2	12	-	-	12	1.00	9
Lynn Martin	1.00	-	19	3	22	-	-	22	1.00	14
Mairi Matheson	1.00	-	7	1	8	-	-	8	1.00	9
Marjorie Ricketts	1.00	-	12	1	13	-	-	13	1.00	15
Myron Kanik (Resigned September 14, 2007)	0.46	-	3	-	3	-	-	3	1.00	5
N.D. (Skip) Mcdonald	1.00	-	4	-	4	-	-	4	1.00	3
Nancy Laird	1.00	-	2	-	2	-	-	2	0.25	-
Robert Moskovitz (Resigned June 27, 2007)	0.24	-	3	-	3	-	-	3	1.00	7
Sandy Dougall	1.00	-	8	-	8	-	-	8	1.00	8
	12.70	-	171	17	188	-	-	188	13.37	185

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2008

(thousands of dollars)

	2008								2007	
	FTE's [1a]	Base Salary [1b]	Other Cash Benefits [1c]	Other Non-Cash Benefits [1d,e]	Subtotal	Number of Individuals	Severance	Total	FTE's [1a]	Total
Board Direct Reports										
Chief Executive Officer [1f]	1.00	$ 431	$192	$712	$1,335	-	$ -	$1,335	1.00	$1,219
Medical Officer of Health [1f,g]	1.00	259	(13)	88	334	-	-	334	1.00	310
Chief Audit Executive	1.00	164	23	31	218	-	-	218	1.00	196
CEO Direct Reports										
President and Chief Operating Officer [1f]	1.00	291	131	190	612	-	-	612	1.00	510
Executive Vice President, Risk Management and CFO [1f]	1.00	316	85	188	589	-	-	589	1.00	514
Senior Vice President, Planning and Capital Development [1f]	1.00	273	76	62	411	-	-	411	1.00	394
Senior Vice President, People and Learning [1f]	1.00	288	56	68	412	-	-	412	1.00	379
Senior Vice President, Interprofessional Practice and Chief Nursing Officer [1f,h]	0.23	66	15	37	118	-	-	118	-	-
Senior Vice President and Chief Medical Officer, Physician Leadership Portfolio [1i]	0.23	69	26	21	116	-	-	116	-	-
Senior Vice President, Advanced Technology and Enterprise Reporting [1f,g]	0.23	67	-	32	99	-	-	99	-	-
Senior Vice President, Communications and Community Relations [1f]	0.78	129	-	61	190	1	292	482	1.00	324
Senior Vice President, Wellness [1j]	0.77	167	54	76	297	-	-	297	1.00	352
Senior Vice President, South Health Campus	0.23	47	-	-	47	-	-	47	-	-
Vice President, Strategic Health Planning [1k]	0.23	47	5	14	66	-	-	66	-	-
Acting Senior Vice President, Patient Experience and Advocacy	0.42	57	-	-	57	-	-	57	0.10	20
Senior Vice President and Advisor Patient Experience and Advocacy	0.88	370	(14)	155	511	-	-	511	1.00	507
Senior Advisor to the CEO	-	-	-	-	-	-	-	-	0.42	82
Vice President, Government Relations and Assistant Corporate Secretary [1f]	1.00	187	31	37	255	-	-	255	1.00	222
	12.00	3,228	667	1,772	5,667	1	292	5,959	11.52	5,029
Total Board and Executive	24.70	$3,228	$838	$1,789	$5,855	1	$292	$6,147	24.89	$5,214

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2008

(thousands of dollars)

	2008								2007 (Restated) (Note 24)	
	FTE's [a]	Base Salary [b]	Other Cash Benefits [c]	Other Non-Cash Benefits [d][e]	Subtotal	Number of Individuals	Severance	Total	FTE's [a]	Total
Board and Executive	24.70	$ 3,228	$ 838	$1,789	$5,855	1	$ 292	$6,147	24.89	$ 5,214
Management reporting to CEO direct reports [f]	18.60	3,546	728	1,087	5,361	1	46	5,407	20.55	5,449
Other Managers	915.93	94,080	3,849	12,542	110,471	13	1,213	111,684	738.88	83,285
Medical Doctors	71.64	17,094	1,041	186	18,321	-	-	18,321	94.15	23,728
Regulated Nurses:										
RNs, RPNs, grad nurses	6,143.11	476,809	42,935	80,077	599,821	1	50	599,871	5,926.45	538,076
LPNs	708.67	33,336	2,663	5,490	41,489	-	-	41,489	608.22	35,287
Other health technical and professional	4,324.79	296,578	15,118	39,168	350,864	13	327	351,191	4,081.05	316,638
Unregulated health service	1,844.68	66,875	4,060	11,318	82,253	-	-	82,253	1,487.88	67,321
Other staff	6,661.96	308,049	5,468	49,216	362,733	33	308	363,041	5,778.00	295,867
Total	20,714.08	$1,299,595	$ 76,700	$200,873	$1,577,168	62	$2,236	$1,579,404	18,760.07	$1,370,865

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2008

(thousands of dollars)

Supplemental Executive Retirement Plan

	2008			2007			
	Current Service Cost	Other SERP Costs	Total	Total	Accrued Benefit Obligation March 31, 2007	Change in Accrued Benefit Obligation	Accrued Benefit Obligation March 31, 2008
Chief Executive Officer	$287	$417	$704	$605	$3,623	$405	$4,028
Medical Officer of Health [1]	51	70	121	53	678	163	841
Chief Audit Executive	10	2	12	8	13	20	33
President and Chief Operating Officer	94	92	186	58	717	155	872
Executive Vice President, Risk Management and CFO	83	98	181	109	824	177	1,001
Senior Vice President, Planning and Capital Development	38	19	57	49	230	35	265
Senior Vice President, People and Learning	40	10	50	34	95	70	165
Senior Vice President, Interprofessional Practice and Chief Nursing Officer	47	91	138	-	723	116	839
Senior Vice President and Chief Medical Officer, Physician Leadership Portfolio	69	17	86	-	155	87	242
Senior Vice President, Advanced Technology and Enterprise Reporting	95	25	120	-	183	128	311
Senior Vice President, Communications and Community Relations	32	21	53	33	94	(94)	-
Senior Vice President, Wellness	32	49	81	55	456	38	494
Senior Vice President, South Health Campus	-	-	-	-	-	-	-
Vice President, Strategic Health Planning	23	19	42	-	159	34	193
Acting Senior Vice President, Patient Experience and Advocacy	-	-	-	-	-	-	-
Senior Vice President and Advisor Patient Experience and Advocacy	65	74	139	74	301	(301)	-
Vice President, Government Relations and Assistant Corporate Secretary	13	4	17	11	39	41	80

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES, AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2008

a. Full-time equivalents (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed during the year was 33,767 (2007 – 32,254).

b. Base salary includes pensionable base pay.

c. Other cash benefits include honoraria, bonuses, overtime and lump sum payments.

d. Other non-cash benefits include:
- Employer's current and prior service cost of supplementary retirement plans per (e) below.
- Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
- Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.

e. Supplemental Executive Retirement Plan (SERP)

Under the terms of the supplemental executive retirement plan, executives may receive supplemental retirement payments. SERP costs are not cash payments in the period but are the period expense for rights to future compensation. SERP costs shown reflect the actuarially estimated cost to provide pension income over the post-employment period. SERP provides future pension benefits to participants based on years of service and earnings. See also accounting policy Note 2(e) Employee Future Benefits and (Note 9) Long-term Employee Benefit Liabilities.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Other SERP costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The change in the accrued benefit obligation includes current service cost, interest accruing on the actuarial liability and the full amount of any actuarial gain or loss in the period.

f. These individuals are provided with an automobile allowance. No dollar amount is included under (c) above.

g. This position was held by two incumbents during the year.

h. Due to organization restructuring effective January 7, 2008, part of this position is included in Management reporting to CEO direct reports.

DAVID THOMPSON REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008
and
AUDITORS' REPORT

Auditors' Report

Statement of Management Responsibility for Financial Reporting

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries and Benefits

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AUDITORS' REPORT

To the Members of the David Thompson Regional Health Authority and the Minister of Health

We have audited the statement of financial position of the David Thompson Regional Health Authority ("the Authority") as at March 31, 2008 and the statements of operations and changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles and Financial Directives issued by Alberta Health and Wellness.

[Original Signed by BDO Dunwoody LLP]

Chartered Accountants

Red Deer, Alberta
April 28, 2008
Except Note 22
May 16, 2008

The official version of this audit report, and information it covers, is in printed form.

BDO Dunwoody LLP is a Limited Liability Partnership registered in Alberta

DTHR DAVID THOMPSON HEALTH REGION

Corporate
Administration
DTHR Corporate Office
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Red Deer, AB T4N 6K8

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David Thompson Regional Health Authority

Management's Responsibility for Financial Reporting

March 31, 2008

Final Audited Financial Statements with Substantive Completion on May 16, 2008

The accompanying final financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The external auditor, BDO Dunwoody LLP, Chartered Accountants and Advisors, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow them to report on the fairness of the consolidated financial statements prepared by management.

[Original Signed by John Vogelzang]

John Vogelzang
Chief Executive Officer
May 21, 2008

[Original Signed by Bryan Judd]

Bryan Judd
Chief Financial Officer
May 21, 2008

David Thompson Regional Health Authority
Statement of Financial Position
March 31, 2008
(thousands of dollars)

	2008 Actual	2007 Actual
ASSETS		
Current:		
Cash and investments (Note 3)	$ 79,941	$ 30,065
Accounts receivable	17,734	19,547
Contributions receivable from Alberta Health and Wellness	6,103	11,206
Inventories	6,166	6,615
Prepaid expenses	2,061	2,586
	112,005	70,019
Non-current cash and investments (Note 3)	39,119	26,717
Capital assets (Note 4)	421,742	415,428
Loans - continuing care partnership projects (Note 5)	20,656	20,034
Other assets (Note 6)	828	546
TOTAL ASSETS	$594,350	$532,744
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 45,279	$ 47,098
Accrued vacation pay	23,664	21,872
Deferred contributions (Note 7)	35,547	27,299
Current portion of long-term debt (Note 9)	125	212
	104,615	96,481
Deferred capital contributions (Note 8)	18,538	26,717
Deferred contributions - continuing care partnership projects	41,237	20,395
Long-term debt (Note 9)	326	449
Unamortized external capital contributions (Note 4)	389,699	381,521
	554,415	525,563
Net assets		
Accumulated surplus/(deficit) (Note 11)	8,678	(25,640)
Investment in capital assets from internally funded sources (Note 4)	31,167	32,821
Cumulative net unrealized gains on investments*	90	-
Operating net assets	39,935	7,181
TOTAL LIABILITIES AND NET ASSETS	$594,350	$532,744

Commitments and contingencies (Note 12)

The accompanying notes and schedules are an integral part of these financial statements.

* "Available-for-Sale" classification under Section 3855

David Thompson Regional Health Authority
Statement of Operations
For the Year Ended March 31, 2008
(thousands of dollars)

	2008 Budget (Note 13) (Unaudited)	2008 Actual	2007 Actual
Revenue			
Alberta Health and Wellness contributions (Note 14)	$ 543,533	$ 575,620	$ 495,800
Other government contributions (Note 15)	11,752	11,673	10,094
Fees and charges	32,435	33,724	32,874
Ancillary operations, net (Note 16)	372	169	372
Donations	1,340	1,703	1,347
Investment and other income (Note 17)	13,219	14,854	13,175
Amortized external capital contributions	24,736	24,654	27,271
TOTAL REVENUE	627,387	662,397	580,933
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	160,824	164,659	151,010
Facility-based emergency and outpatient services	43,563	46,626	39,128
Facility-based continuing care services	67,973	69,062	63,482
Community-based care	27,690	28,023	23,951
Home care	21,473	21,558	20,084
Diagnostic and therapeutic services	103,018	101,271	96,852
Promotion, prevention and protection services	20,905	20,506	18,316
Research and education	375	644	443
Administration	27,766	27,637	25,737
Information technology	19,145	17,126	16,170
Support services	118,104	116,231	110,163
Amortization of facilities and improvements	16,551	16,390	17,616
TOTAL EXPENSES	627,387	629,733	582,952
Excess (deficiency) of revenue over expenses	$ -	$ 32,664	$ (2,019)

David Thompson Regional Health Authority
Statement of Changes in Net Assets
For the Year Ended March 31, 2008
(thousands of dollars)

	2008				2007
	Accumulated deficit (Note 11)	Investment in capital assets from internally funded sources	Cumulative net unrealized gains/(losses) on investments	Total	Total
Balance at March 31, 2007	$ (25,640)	$ 32,821	$ -	$ 7,181	$ 9,200
Adjustment due to change in accounting policy (Note 2)	-	-	67	67	-
Adjusted balance at April 1, 2007	(25,640)	32,821	67	7,248	9,200
Excess (deficiency) of revenue over expenses	32,664	-	-	32,664	(2,019)
Capital assets purchased with internal funds	(3,290)	3,290	-	-	-
Amortization on internally funded capital assets	5,154	(5,154)	-	-	-
Repayment of long-term debt used to fund capital assets	(210)	210	-	-	-
Cumulative net unrealized gains on investments*					
Unrealized gains and losses on 'available-for-sale' financial assets arising during the year	-	-	23	23	-
Balance at end of year	$ 8,678	$ 31,167	$ 90	$ 39,935	$ 7,181

* 'Available-for-Sale' classification under Section 3855

David Thompson Regional Health Authority
Statement of Cash Flow
For the Year Ended March 31, 2008
(thousands of dollars)

	2008		2007
	Budget (Unaudited)	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	$ -	$ 32,664	$ (2,019)
Non-cash transactions:			
Amortization (Schedule 1)	30,125	29,808	32,617
Amortized external capital contributions	(24,736)	(24,654)	(27,271)
Changes in non-cash working capital accounts	10,857	27,870	9,692
Cash generated from operations	16,246	65,688	13,019
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	(5,537)	(3,290)	(3,034)
Externally funded - equipment	(11,355)	(9,930)	(17,778)
Externally funded - facility and improvements	(20,000)	(22,902)	(9,373)
Increase in net unrealized gains on investments	-	90	-
Allocations to non-current cash and investments	-	(12,402)	(697)
Cash used by investing activities	(36,892)	(48,434)	(30,882)
Financing activities:			
Capital contributions received	31,355	32,832	27,151
Principal payments on long-term debt	(210)	(210)	(196)
Allocations from non-current cash and investments	11,717	-	-
Cash generated from financing activities	42,862	32,622	26,955
Increase in cash and investments	5,970	49,876	9,092
Cash and investments, beginning of year	30,065	30,065	20,973
Cash and investments, end of year	$ 36,035	$ 79,941	$ 30,065

Note 1 Authority, Purpose and Operations

The David Thompson Regional Health Authority (the "Authority") was established June 24, 1994 under authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority delivers appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

Bentley Care Centre
Breton Health Centre
Centennial Centre for Mental Health and Brain Injury
Consort Hospital and Care Centre
Coronation Hospital and Care Centre
Drayton Valley Hospital and Care Centre
Drumheller Health Centre
Hanna Health Centre
Innisfail Health Centre
Lacombe Hospital and Care Centre
Olds Hospital and Care Centre
Ponoka Hospital and Care Centre
Red Deer Nursing Home
Red Deer Regional Hospital Centre
Red Deer Valley Park Manor Care Centre
Rimbey Hospital and Care Centre
Rocky Mountain House Health Centre
Stettler Hospital and Care Centre
Sundre Hospital and Care Centre
Three Hills Health Centre
Wetaskiwin Hospital and Care Centre

Castor Community Health Centre
Consort Community Health Centre
Coronation Community Health Centre
Drayton Valley Community Health Centre
Drumheller Environmental Health and Support Services
Eckville Community Health Centre
Elnora Community Health Centre
Lacombe Community Health Centre
Olds Community Health Centre
Ponoka Community Health Centre
Red Deer Bremner Ave. Community Health Centre
Red Deer 49th St. Community Health Centre
Rimbey Community Health Centre
Rocky Mountain House Community Health Centre
Stettler Community Health Services
Sundre Community Health Centre
Sylvan Lake Community Health Centre
Wetaskiwin Community Health Centre
Winfield Community Health Centre

Drayton Valley Mental Health Centre
Drumheller Mental Health Centre
Hanna Mental Health Centre
Lacombe Mental Health Centre
Olds Mental Health Centre
Ponoka Mental Health Centre
Rimbey Mental Health Centre
Rocky Mountain House Mental Health Centre
Stettler Mental Health Centre
Three Hills Mental Health Centre
Wetaskiwin Mental Health Centre

Note 1 Authority, Purpose and Operations (continued)

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 18.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 31. Following are the significant accounting policies:

(a) Basis of presentation

(1) These financial statements were prepared on a consolidated basis and include the accounts of the facilities and sites disclosed in Note 1 but do not include the accounts of the foundations within the Authority.

(2) These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the capital assets is recorded.

(iii) Externally restricted contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Change in accounting policy

Effective April 1, 2007, the Authority implemented new financial instrument standards in accordance with CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement; Section 3861 – Financial Instruments – Disclosure and Presentation. These new policies have been applied prospectively; prior period results have not been restated. Certain transitional adjustments have been recorded in opening net assets as of April 1, 2007 (the transitional date) for the change in accounting for financial assets classified as Available for Sale and measured at fair value rather than cost as at the commencement of the current fiscal year.

(c) Full cost

The Authority accounts for all costs and revenue from services for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges. An equivalent amount is recorded as contracted health service expense of the Authority.

(ii) Alberta Health and Wellness direct payments to health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(v) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported, as a fair value cannot be reasonably determined.

David Thompson Regional Health Authority
Notes To The Financial Statements
For the Year Ended March 31, 2008

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Employee future benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Authority's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

The Authority provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and an actuarial estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the group.

(e) Investments

Investments are classified in accordance with CICA Handbook Section 3855, and recorded at quoted market value on the Statement of Financial Position. No adjustments have been made to the corresponding values for fiscal year ending March 31, 2007.

(f) Financial instruments

The carrying value of accounts receivable, contributions receivable, accounts payable and accrued liabilities and accrued vacation pay approximates their fair value because of the short-term maturity of these items.

The carrying value of cash and investments and long-term debt approximates their fair value because the interest rates approximate market values.

(g) Inventories

Inventories are valued at the lower of cost or net realizable value where cost is determined on an average cost basis.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Capital assets

Capital assets and capital projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful life
Land improvements	10 - 20 years
Facilities and improvements	10 - 40 years
Equipment	5 - 20 years
Leased equipment	Lease term

Capital projects in progress are not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital assets ownership to the Authority are reported as capital asset acquisitions financed by long-term debt.

(i) Measurement uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amortization of capital assets and external capital contributions is based on estimates of the useful life of related assets. Actual results could differ from estimates.

Note 3 Cash and Investments

	2008		2007
	Fair Market Value	Cost	Cost
	(thousands of dollars)		
Cash	$ 26,834	$ 26,834	$ 24,868
Money market securities	77,418	77,419	26,766
Bonds and bond funds	10,162	10,002	4,354
Marketable securities	4,646	4,715	794
Total cash and investments	$119,060	$118,970	$ 56,782
Classified as:			
Current	$ 79,941	$ 79,851	$ 30,065
Non-current	39,119	39,119	26,717
Total cash and investments	$119,060	$118,970	$ 56,782

Marketable securities are comprised of publicly traded equities. Risk is minimized by prudent security selection and sector rotation through independent investment counsel.

Bonds and bond funds include provincial, federal and global government bonds as well as Canadian corporate bonds. Payments from these bonds are backed by the ability of the issuing governments/corporations to pay and are not guaranteed. Bonds held at March 31, 2008 bear interest at rates ranging from 3.55% to 5.75% paid quarterly. The effective yield on these bonds based on the carrying value at March 31, 2008 is 3.54%.

Non-current cash and investments represent the following:

	2008	2007
	(thousands of dollars)	
Externally restricted:		
Equipment replacement (Note 8)	$ 6,242	$ 6,303
New construction (Note 8)	12,296	20,072
New construction – continuing care partnership	20,581	-
Regional Shared Health Information Program	-	342
	$39,119	$26,717

Note 4 Capital Assets

	Cost				
	Opening Balance April 1, 2007	Transfers to/(from) Capital Projects in Progress	Additions	Disposals	Closing Balance March 31, 2008
	(thousands of dollars)				
Land	$ 6,577	$ -	$ -	$ -	$ 6,577
Land improvements	11,293	-	-	-	11,293
Facilities and improvements	530,067	6,420	-	-	536,488
Equipment	136,689	4,426	5,963	(910)	146,167
Capital projects in progress	27,865	(10,846)	30,159	-	47,178
	$ 712,491	$ -	$ 36,122	$ (910)	$ 747,703

	Accumulated Amortization				Net Book Value	
	Opening Balance April 1, 2007	Current Year Amortization	Accumulated Amortization on Disposals	Closing Balance March 31, 2008	March 31, 2008	March 31, 2007
	(thousands of dollars)					
Land	$ -	$ -	$ -	$ -	$ 6,577	$ 6,577
Land improvements	2,984	846	-	3,830	7,463	8,309
Facilities and improvements	211,860	15,514	-	227,374	309,114	318,207
Equipment	82,219	13,418	(880)	94,757	51,410	54,470
Capital projects in progress	-	-	-	-	47,178	27,865
	$ 297,063	$ 29,778	$ (880)	$ 325,961	$ 421,742	$ 415,428

(a) Leased equipment

Equipment was acquired through capital leases at a cost of $602,000 with accumulated amortization of $443,000 (2007 $388,000).

Note 4 Capital Assets (continued)

Capital assets were funded from the following sources:

	2008	2007
	(thousands of dollars)	
Short-term debt	$ 425	$ 425
Long-term debt (Note 9)	451	661
Unamortized external capital contributions	389,699	381,521
Investment in capital assets from internally funded sources	31,167	32,821
	$421,742	$415,428

Note 5 Loans - Continuing Care Partnership Projects

	2008	2007
	(thousands of dollars)	
Loans receivable		
Continuum Healthcare Corporation	$ 157	$ 193
Michener Hill Village	1,314	-
Voluntary health service providers	19,185	19,841
	$ 20,656	$ 20,034

The Authority has a non-interest bearing forgivable loan with Continuum Healthcare Corporation initiated under the Healthy Aging Partnership Initiative. During the year, $35,872 (2007 $35,872) was forgiven under the terms of the agreement.

The Authority has signed contracts with three voluntary health service providers under the Private Public Partnership Initiative (P3) and Health Aging Partnership Initiative (HAPI) to build and operate continuing care and assisted living facilities within the region. The Authority uses the forgivable mortgage model for reporting the contribution and advancement of funds. The provincial government supports partnerships between the Authority and private, public or voluntary organizations by providing a one-time, up-front capital grant. The Authority in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner as per the terms of the contract. During the year, $657,047 (2007 $657,047) was forgiven on the loans receivable.

Pursuant to these contracts, interest has been charged at the bank prime rate (5.25% at March 31, 2008) plus 2% on the loans receivable for a total of $1,642,844 (2007 $1,692,381). This amount is included in investment income. The interest has been forgiven and $1,642,844 (2007 $1,692,381) has been recorded in the facility based continuing care services expenses for the year. The remaining balance of the loans will be forgiven on a straight-line basis or repaid over a term of 30 years.

Note 6 Other Assets

	2008	2007
	(thousands of dollars)	
Laboratory Lean Project	$265	$ -
Mineral rights	24	24
Cooperative's shares	3	3
Accrued pension benefit	536	519
	$828	$546

The accrued pension benefit relates to the Senior Executive Retirement Plan, which is fully funded.

Note 7 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

	2008	2007
	(thousands of dollars)	
Alberta Infrastructure Renovation Projects	$11,276	$ 6,503
Breast Health	388	-
Building Capacity Grant	300	-
Cardiac Access Collaborative	609	-
Clinical Assistance Program	297	-
Continuing Care Programs	1,578	2,233
Diagnostic and Therapeutic Programs	1,298	211
First Nation Programs	203	211
Heart and Stroke Grant	319	627
Information Technology Projects	790	852
Mental Health Programs	2,752	3,365
Other	85	141
Pandemic Supplies	2,759	-
Physician On Call Program	1,494	1,416
Promotion, Prevention, Protection Programs	1,251	2,315
Research Projects	40	109
Special Purpose Funds – Donation	8,676	7,837
Telehealth Projects	1,432	1,479
Total	$35,547	$27,299

Note 8 Deferred Capital Contributions

Balance at the end of the year is restricted for the following purposes:

	2008	2007
	(thousands of dollars)	
Equipment replacement (Note 3)	$ 6,242	$ 6,303
New construction (Note 3)	12,296	20,072
Regional Shared Health Information Program	-	342
	$ 18,538	$ 26,717

Note 9 Long-term Debt

	2008	2007
	(thousands of dollars)	
Bank loan(1)	$ 388	$ 447
Obligations under capital leases(2)	63	214
	451	661
Current portion	(125)	(212)
	$ 326	$ 449

Future principal payments are estimated as follows:

	Bank Loan	Capital Lease	Total
		(thousands of dollars)	
2009	$ 62	$ 63	$ 125
2010	65	-	65
2011	67	-	67
2012	70	-	70
2013 and thereafter	124	-	124
	$ 388	$ 63	$ 451

(1) The bank loan is due in monthly installments of $6,365 including interest at 4%. It is secured by a general assignment of book debts and matures November 2009.

(2) The capital lease is due in monthly installments of $13,500 including interest at 3%. There is a bargain purchase option of $1 in 2009.

Note 10 Long-Term Employee Benefits

(a) Supplementary Retirement Plan

	2008	2007
	(thousands of dollars)	
Accrued benefit obligation		
Accrued obligation, beginning of year	$ 1,221	$ 962
Current service cost	112	123
Interest cost	70	58
Prior service cost	1	2
Actuarial loss (gain)	(80)	105
Benefit payments	(19)	(29)
Accrued benefit obligation, end of year	$ 1,305	$ 1,221
Reconciliation of funded status of accrued benefit asset/liability		
Funded status of plan (deficit)	165	(13)
Unamortized actuarial loss (gain)	147	231
Unamortized prior service costs	1	2
Unamortized initial obligation	223	299
Accrued benefit asset (liability)	$ 536	$ 519
Current service cost	113	119
Interest cost	69	58
Amortization of prior service costs	2	75
Amortization of net actuarial loss	18	17
Expected return on plan assets	(33)	(27)
Amortization of initial obligation	76	-
Benefit cost	$ 243	$ 242
Significant actuarial assumptions are as follows:		
Discount rate	5.2%	5.2%
Expected average remaining service life of employees	9 years	9 years
Salary increase	4.0%	4.0%

The above information is based on the actuarial valuation performed at March 31, 2008. The value of the accrued benefit obligation is fully secured through cash/investments held by the Trustee plus the balance in the refundable tax account held by the Canada Revenue Agency.

(b) Pension Expense

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $21,424,000 for the year ended March 31, 2008 (2007 $19,647,000).

At December 31, 2007, the Local Authorities Pension Plan reported an actuarial deficit of $1,183,344,000 (2006 deficit $746,651,000).

Note 11 Accumulated Surplus (Deficit)

The Authority's accumulated surplus (deficit) comprises of the following:

	2008	2007
	(thousands of dollars)	
Unrestricted net assets	$ 8,678	($25,640)

Note 12 Commitments and Contingencies

The Authority is contingently liable for the buyback of 31 assisted living units at the option of and at 90% of the original cost to the purchaser. The average cost is $100,000 per unit. However, management feels that these units could be resold and costs recovered and that realistically, the possibility of having to purchase back all units simultaneously is highly improbable.

The Authority contracts on an ongoing basis with voluntary and private health service operators to provide health services in the region. The Authority has contracted for services in the year ending March 31, 2009 similar to those provided by these operators in 2008. Contracted continuing care services total $29,448,000 on an annual basis, subject to inflation and service requirements.

The Authority is currently in the process of developing a new P3 project, Michener Hill Village, that would replace the 220 continuing care beds in Valley Park Manor and Red Deer Nursing Home. Funding in the amount of $21,401,000 was received during the year and cost to date total $1,314,199.
The Authority has committed to capital upgrade projects at Red Deer Regional Hospital and Rimbey Health Centre in the amount of $120,760,000. Total costs to date are $117,149,821 and total contributions to date are $120,760,000.

The Authority has committed to capital projects at the Red Deer Community Health Centre and the Michener Centre Site (Red Deer) in the amount of $22,400,000. Total costs to date are $15,981,454 and contributions to date total $19,400,000.

In the ordinary course of operations, various claims and lawsuits are brought against the Authority. While it is not possible to estimate the ultimate liability with respect to any pending litigation, the Authority believes there will be no material adverse effect on its financial position.

Note 13 Budget

	2007/08 Approved Budget[1]	Adjustments[2]	2007/08 Reported Budget
	(thousands of dollars) (unaudited)		
Revenue			
Alberta Health and Wellness contributions	$ 540,292	$ 3,241	$ 543,533
Other government contributions	2,752	9,000	11,752
Fees and charges	32,435	-	32,435
Ancillary operations, net	372	-	372
Donations	1,340	-	1,340
Investment and other income	10,460	2,759	13,219
Amortized external capital contributions	28,736	(4,000)	24,736
TOTAL REVENUE	616,387	11,000	627,387
Expenses			
Facility-based inpatient acute nursing services	160,824	-	160,824
Facility-based emergency and outpatient services	40,563	3,000	43,563
Facility-based continuing care services	63,973	4,000	67,973
Community-based care	24,000	3,690	27,690
Home care	24,473	(3,000)	21,473
Diagnostic and therapeutic services	109,708	(6,690)	103,018
Promotion, prevention and protection services	24,664	(3,759)	20,905
Research and education	375	-	375
Administration	28,895	(1,129)	27,766
Information technology	22,145	(3,000)	19,145
Support services	114,216	3,888	118,104
Amortization of facilities and improvements	17,551	(1,000)	16,551
TOTAL EXPENSES	631,387	(4,000)	627,387
Excess of expenses over revenue	$ (15,000)	$ 15,000	$ -

(1) The budget was approved by the Board of the Authority on June 6, 2007, and submitted to the Minister of Health and Wellness for approval.

(2) Adjustments to budget amounts represent reallocation between categories to more closely reflect classification of related revenues and expenses.

Note 14 Alberta Health and Wellness Contributions

	2008	2007
	(thousands of dollars)	
Unrestricted contributions	$ 558,390	$ 481,561
Restricted contributions	65,186	37,137
Transfers to deferred contributions	(15,076)	(21,504)
Transfers to deferred capital contributions	(50,110)	(15,632)
Transfers from deferred contributions	15,778	14,051
Transfers from deferred capital contributions	10	-
Share of project funds held in trust	201	-
Restricted contributions made by Alberta Health and Wellness directly to other health service operators on our behalf	1,241	187
	$ 575,620	$ 495,800

Note 15 Other Government Contributions

	2008	2007
	(thousands of dollars)	
Unrestricted Alberta Infrastructure	$ 5,220	$ 3,925
Fair value of rent less rent charges for non-acute care facilities used by the Authority	551	380
Transfers from deferred contributions	2,763	2,807
Transfers from deferred capital contributions	769	433
Workers Compensation Board - refund	1,746	1,897
Alberta Cancer Board	624	652
	$ 11,673	$ 10,094

Note 16 Ancillary Operations, net

	2008				2007
	Revenue	Direct Expenses	Amortization Expense	Excess (Deficiency) of Revenue over Expenses	Excess (Deficiency) of Revenue over Expenses
	(thousands of dollars)				
Non-patient food services	$ 1,798	$ 1,940	$ 1	$ (143)	$ (128)
Assisted living condos (1)	103	54	-	49	(5)
Parking operations	1,189	952	5	232	426
David Thompson dispensary	1,654	1,684	-	(30)	17
TV and telephones	120	59	-	61	62
	$ 4,864	$ 4,689	$ 6	$ 169	$ 372

(1) Includes Designated Assisted Living:
Housing/hoteling component for only those facilities owned by a health region

Note 17 Investment and Other Income

	2008	2007
	(thousands of dollars)	
Investment income	$ 3,756	$ 3,223
Other income	11,098	9,952
	$14,854	$13,175

Investment income is comprised of interest, dividends, amortization of discounts (premiums) and net gains on disposal of investments.

Other income is comprised of revenue from various programs and revenue and expense recoveries external to the Authority.

Note 18 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints members of the Authority. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Statement of operations and in notes to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the Statement of operations.

Note 18 Related Parties (continued)

(b) Health Authorities (continued)

	2008				2007			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
	(thousands of dollars)							
Chinook Regional Health Authority	$ 5	$ -	$ 1,430	$ 872	$ 138	$ 55	$ 286	$ 74
Palliser Health Region	6	-	262	249	23	-	173	818
Calgary Health Region	1,851	720	-	-	454	73	55	-
East Central Health Region	61	-	1,181	2,926	64	9	704	3,585
Capital Health Authority	123	24	-	-	81	440	-	-
Aspen Regional Health Authority	9	6	2,068	285	3	4	53	1,102
Peace Country Health	4	20	1,736	1,161	-	29	572	1,478
Northern Lights Health Region	24	-	216	1,064	38	-	388	753
Alberta Mental Health Board	393	425	-	-	396	176	-	-
Alberta Cancer Board	1,159	85	81	-	1,202	147	149	-
Total	$ 3,635	$ 1,280	$ 6,974	$ 6,557	$ 2,399	$ 933	$ 2,380	$ 7,810

(c) Regional Shared Health Information Program (RSHIP)

The seven non-metro health regions, Aspen Regional Health Authority, Chinook Regional Health Authority, David Thompson Regional Health Authority, East Central Health Region, Northern Lights Health Region, Palliser Health Region, Peace Country Health, have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

	2008	2007
	(thousands of dollars)	
Alberta Health & Wellness funding	$ 3,607	$ 7,817
Health Authority contribution	3,688	3,080
Total	$ 7,295	$ 10,897
Reported as follows:		
Expenses	$ 1,700	$ 1,021
Capital assets	5,595	9,876
Total	$ 7,295	$ 10,897
Excess (deficiency) of expenditures over revenues	$ 0	$ 0

Note 18 Related Parties (continued)

(d) Foundations

David Thompson Health Region has an economic interest in the following foundations:

	Contributions received by Health Authority	
	Year ended March 31,	
	2008	2007
	(thousands of dollars)	
David Thompson Health Region Foundation	$ 1,522	$ 2,815
Wetaskiwin Health Foundation	552	163
Drayton Valley Health Services Foundation	248	74
Stettler Health Services Foundation	60	36
Coronation Health Centre Foundation	47	2
Drumheller Area Health Foundation	113	358
Consort Hospital Foundation	5	-
	$ 2,547	$ 3,448

Contributions are comprised of externally restricted amounts for equipment, programs, research and education.

Amounts related to administrative support provided to foundations and the accounts receivable from the foundations at year-end are as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31,		at March 31,	
	2008	2007	2008	2007
	(thousands of dollars)			
David Thompson Health Region Foundation	$ -	$ 40	$ 226	$ 309
Wetaskiwin Health Foundation	-	-	409	9
Drayton Valley Health Services Foundation	-	-	13	-
Coronation Health Centre Foundation	-	-	13	-
Drumheller Area Health Foundation	-	-	14	(11)
	$ -	$ 40	$ 675	$ 307

Audited financial statements were not available from the foundations at the time of preparation of these financial statements.

Resources of the foundations are restricted by donors for the exclusive use of the hospital or care centre in the community in which the foundation resides.

Note 18 Related Parties (continued)

(c) Contracts with Health Service Providers

The Authority has an economic interest through its contracts with voluntary and private health service providers to provide health services in the region. Funding was provided as follows:

	2008			2007		
	Voluntary Health Service Providers	Private Health Service Providers	Total	Voluntary Health Service Providers	Private Health Service Providers	Total
	(thousands of dollars)					
David Thompson Regional Health Authority funding	$ 18,113	$ 22,297	$ 40,410	$ 17,215	$ 20,901	$ 38,116
Direct Alberta Health & Wellness funding	-	184	184	-	187	187
Fees and charges	4,189	1,730	5,919	3,995	1,725	5,720
	$ 22,302	$ 24,211	$ 46,513	$ 21,210	$ 22,813	$ 44,023

Note 19 Trust Funds

(a) The Authority received funds in trust from Alberta Health & Wellness for the Regional Shared Health Information Program. These amounts are not reported in the statements.

During the year, the Authority received $1,400,000 (2007 $20,420,000) and disbursed $11,922,133 (2007 $15,070,000) for costs relating to the project. The Authority shows revenue equal to its share of the expenses in the amount of $141,910. The deficiency of funds incurred by the Authority is $(5,172,133) (2007 surplus $5,350,000).

(b) The Authority received funds in trust from Alberta Health & Wellness for implementation of Continuing Care Health Service Standards for Health Care Aide Education. These amounts are not reported in the statements.

During the year, the Authority received $0 (2007 $3,750,000) and disbursed $2,595,380 (2007 $622,000) for costs relating to the project. The Authority showed revenue equal to its share of the expenses in the amount of $58,757. The balance of funds held by the Authority is $532,620 (2007 $3,128,000).

David Thompson Regional Health Authority
Notes To The Financial Statements
For the Year Ended March 31, 2008

Note 20 Comparative Figures

Certain 2007 figures have been reclassified and restated to conform to the 2008 presentation.

Note 21 Approval of Financial Statements

These financial statements have been approved by the Authority.

Note 22 Subsequent Event

On May 15, 2008, the Minister of Health and Wellness issued a Ministerial Order, M.O. #50/2008, to restructure the governance structure of the health services delivery system in Alberta. Accordingly, effective April 1, 2009, the Authority will be disestablished and all assets, liabilities, rights and obligations of the Authority will become the assets, liabilities, rights and obligations of the Alberta Health Authority.

Schedule 1

David Thompson Regional Health Authority
Schedule of Expenses by Object
For the Year Ended March 31, 2008
(thousands of dollars)

	2008 Budget	2008 Actual	2007 Actual
Salaries and benefits (Schedule 2)	$ 412,012	$ 415,681	$ 379,864
Contracts with health service operators (Note 18)	45,740	46,513	44,023
Drugs and gases	15,001	13,622	12,901
Medical and surgical supplies	16,918	14,935	13,899
Other contracted services	32,392	33,356	29,353
Interest on long-term debt	29	28	29
Other (1)	80,269	80,485	74,331
Amortization:			
Capital equipment - internally funded	4,921	4,825	5,018
Capital equipment - externally funded	7,653	8,623	10,048
Facilities and improvements - internally funded	300	329	328
Facilities and improvements - externally funded	16,251	16,031	17,223
	631,486	634,428	587,017
Less amounts reported in ancillary operations (Note 16)	(4,099)	(4,695)	(4,065)
	$ 627,387	$ 629,733	$ 582,952

(1) Other:

Building and equipment maintenance	$ 17,641	$ 15,264
Diagnostic and therapeutic supplies	5,729	6,013
Dietary supplies	6,687	6,554
Insurance	1,733	1,763
Minor equipment purchases	1,721	2,039
Patient transport and staff travel	11,518	10,773
Rental or lease of building and equipment	5,869	4,943
Utilities	12,054	13,040
Other	17,533	13,942
	$ 80,485	$ 74,331

Schedule 2

David Thompson Regional Health Authority
Schedule of Salaries and Benefits
For the Year Ended March 31, 2008
(thousands of dollars)

	2008								2007	
						Severance[5]				
	Number of FTEs[1]	Base Salary[2]	Other Cash Benefits[3]	Other Non-Cash Benefits[4]	Sub Total	Number of FTEs	Amount	Total	Number of FTEs[1]	Total
Board Compensation										
Chairperson										
Graham, J. - Provincial Business	-	$ -	$ 11	$ -	$ 11	-	$ -	$ 11	-	$ 11
- DTRHA Business	-	-	30	-	30	-	-	30	-	31
					-					
Board Members					-					
Anderson, C.	-	-	20	3	23	-	-	23	-	18
Bergman, G.	-	-	12	-	12	-	-	12	-	12
Dawe, M.	-	-	13	-	13	-	-	13	-	17
Fowler, R.D.	-	-	14	2	16	-	-	16	-	15
Gatsint, I.	-	-	11	-	11	-	-	11	-	15
Gillespie, E.S.	-	-	12	-	12	-	-	12	-	13
Moore, W.	-	-	21	-	21	-	-	21	-	18
Notley, W.	-	-	14	1	15	-	-	15	-	14
Pedersen, B.	-	-	14	1	15	-	-	15	-	19
Posti, H.	-	-	14	-	14	-	-	14	-	13
Rooynikkers, K.	-	-	23	3	26	-	-	26	-	21
Taylor, S.J.	-	-	14	2	16	-	-	16	-	18
Thompson, R.G.	-	-	11	-	11	-	-	11	-	14
Ungstad, D.	-	-	12	-	12	-	-	12	-	14
Sub-total	-	$ -	$ 246	$ 12	$ 258	-	$ -	$ 258	-	$ 263

David Thompson Regional Health Authority
Schedule of Salaries and Benefits
For the Year Ended March 31, 2008
(thousands of dollars)

	2008								2007	
						Severance[3]				
	Number of FTEs[1]	Base Salary[2]	Other Cash Benefits[3]	Other Non-Cash Benefits[4]	Sub-total	Number of FTEs	Amount	Total	Number of FTEs[1]	Total
Staff										
President & CEO	1.00	$ 318	$ -	$ 104	$ 422	$ -	$ -	$ 422	1.00	$ 402
Management persons reporting to the CEO										
Sr. Vice President & COO - Health Services	1.00	225	-	57	282	-	-	282	1.00	251
Vice President & COO - Corporate Services	1.00	206	-	48	254	-	-	254	1.00	222
Vice President - Public Health	1.00	155	-	33	188	-	-	188	1.00	176
Vice President - Capital Planning & Project Development	1.00	155	-	34	189	-	-	189	1.00	177
Vice President - Medicine	0.79	264	-	48	312	-	-	312	1.00	338
Executive Director - Communications & Public Relations	1.00	135	-	26	161	-	-	161	1.00	153
Director - Corporate & Legislative Affairs	1.00	108	-	22	130	-	-	130	1.00	128
Sub-total	7.79	1,566	-	372	1,938	-	-	1,938	8.00	1,847
Other management persons reporting to those above	39.54	4,745	12	1,030	5,787	-	-	5,787	37.25	5,402
Other management	235.65	21,665	145	4,299	26,109	-	-	26,109	238.62	24,180
Medical doctors not included above	2.85	843	26	63	932	-	-	932	3.31	977
Regulated nurses not included above										
- RNs, Reg. Psych. nurses, Grad nurses	1,483.50	104,341	20,866	21,458	146,665	-	-	146,665	1,463.22	132,690
- LPNs	425.27	18,640	2,307	3,796	24,743	-	-	24,743	423.94	23,131
Other health technical and professionals	993.49	61,670	3,316	12,469	77,455	1	3	77,458	928.01	69,834
Unregulated health service providers	839.35	26,767	4,029	5,309	36,105	-	-	36,105	794.26	33,300
Other staff	1,981.03	75,839	3,924	15,810	95,573	4	113	95,686	1,901.57	88,240
Total Staff	6,000.68	314,510	34,625	64,234	413,369	5	116	413,485	5,790.18	377,754
Total honoraria and staff	6,008.47	$ 316,076	$ 34,871	$ 64,618	$ 415,565	5	$ 116	$ 415,681	5,798.18	$ 379,864

David Thompson Regional Health Authority
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the Year Ended March 31, 2008

(1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 10,487 (2007 9,987). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.

'Individuals' are those on salary or wage, including contract persons considered employees under Canada Customs and Revenue Agency (CCRA) guidelines and rulings.

(2) Salaries include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.

(3) Benefits and allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, employment insurance, workers compensation, professional memberships and tuition.

(4) Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

(5) Supplemental Executive Retirement Plans (SERP) refers to future supplemental retirement payments to executive officers. Benefit cost for pension benefits earned in SERP for the year ended March 31st are as follows:

Supplementary Retirement Benefits

	2008			2007
	Current Year Service Cost	Prior Year Service Cost	Total Pension Expense	Total
	(thousands of dollars)			
President & CEO	$ 30	$ 60	$ 90	$ 80
Sr. Vice President & COO - Health Services	11	20	31	27
Vice President & COO - Corporate Services	8	12	20	15
Vice President - Public Health	4	2	6	5
Vice President - Capital Planning & Project Development	5	5	10	8
Vice President - Medicine	26	(2)	24	22
Executive Director - Communications & Public Relations	2	-	2	-
Other management persons reporting to those above	26	36	62	85
	$ 112	$ 133	$ 245	$ 242

David Thompson Regional Health Authority
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the Year Ended March 31, 2008

The accrued obligation for each executive under the SERP is outlined in the following table:

	Accrued obligation March 31, 2007	Change in accrued obligation	Accrued obligation March 31, 2008
	(thousands of dollars)		
President & CEO	$ 465	$ 41	$ 506
Sr. Vice President & COO - Health Services	172	21	193
Vice President & COO - Corporate Services	122	16	138
Vice President - Public Health	26	6	32
Vice President - Capital Planning & Project Development	41	8	49
Vice President - Medicine	26	(26)	-
Executive Director - Communications & Public Relations	-	3	3
Other management persons reporting to those above	369	15	384
	$ 1,221	$ 84	$ 1,305

East Central Health

Financial Statements

March 31, 2008

EAST CENTRAL HEALTH
FINANCIAL STATEMENTS
MARCH 31, 2008

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EAST CENTRAL HEALTH

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2008

The accompanying financial statements are the responsibility of management and have been reviewed and approved by the Senior Management. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes to review internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

The Authority carries out its responsibility for the financial statements through the Audit Committee. This Committee will meet with management and the Auditor General of Alberta, to review financial matters, and recommends the final financial statements to the East Central Health Board for approval. The Auditor General of Alberta has free access to the Audit Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and procedures which allow him to report on the fairness of the financial statements prepared by management.

[Original Signed by Jim Saunders]

Jim Saunders
Chief Executive Officer

[Original Signed by Norm Petherbridge, CA]

Norm Petherbridge, CA
Chief Financial Officer

Auditor's Report

To the Board of Directors of East Central Health
and the Minister of Health and Wellness

I have audited the statement of financial position of East Central Health (the Authority) as at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Original Signed by Fred J. Dunn", FCA
Auditor General

Edmonton, Alberta
May 16, 2008

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

EAST CENTRAL HEALTH
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2008
(In thousands)

	2008 Actual	2007 Actual
ASSETS		
Current:		
Cash and investments (Note 3)	$ 16,144	$ 10,920
Accounts receivable	7,824	7,116
Contributions receivable from Alberta Health and Wellness	3,320	4,604
Inventories	2,530	2,230
	29,818	24,870
Non-current cash and investments (Note 3)	17,932	25,710
Capital assets (Note 4)	133,057	117,202
Other assets (Note 5)	825	708
TOTAL ASSETS	$ 183,632	$ 168,490
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 20,047	$ 16,585
Accrued vacation pay	7,180	6,435
Deferred contributions (Note 6)	9,112	7,078
	36,339	30,098
Deferred contributions (Note 6)	220	519
Deferred capital contributions (Note 7)	17,712	25,191
Unamortized external capital contributions	123,005	104,391
	177,276	160,199
Net assets		
Accumulated deficit	(3,696)	(4,520)
Investment in capital assets from internally funded sources	12,052	12,811
Operating net assets	6,356	8,291
TOTAL LIABILITIES AND NET ASSETS	$ 183,632	$ 168,490

The accompanying notes and schedules are part of these financial statements.

EAST CENTRAL HEALTH
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2008
(In thousands)

	2008 Budget (Note 10)	2008 Actual	2007 Actual
Revenue			
Alberta Health and Wellness contributions (Note 11)	$ 222,820	$ 222,507	$ 204,983
Other government contributions (Note 12)	2,204	2,053	1,784
Fees and charges	20,386	20,464	19,752
Ancillary operations, net (Note 13)	48	52	36
Donations	310	352	207
Investment and other income (Note 14)	3,910	3,797	4,457
Amortized external capital contributions	5,438	7,985	6,214
TOTAL REVENUE	254,316	257,210	236,533
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	43,758	45,205	39,544
Facility-based emergency and outpatient services	9,944	10,262	9,492
Facility-based continuing care services	43,255	43,051	41,439
Community-based care	12,105	12,411	10,328
Home care	21,810	22,888	19,682
Diagnostic and therapeutic services	38,720	39,569	34,206
Promotion, prevention and protection services	7,130	6,547	6,212
Administration	16,538	16,221	15,231
Information technology	5,234	9,303	6,389
Support services	50,090	50,267	47,642
Amortization of facilities and improvements	3,243	3,893	3,784
TOTAL EXPENSES	253,827	259,617	233,949
Excess (deficiency) of revenue over expenses	$ 489	$ (2,407)	$ 2,584

The accompanying notes and schedules are part of these financial statements.

EAST CENTRAL HEALTH

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2008

(in thousands)

	2008			2007
	Accumulated surplus/(deficit)	Investment in capital assets from internally funded sources	Total	Total
Balance at March 31, 2007	$ (4,520)	$ 12,811	$ 8,291	$ 5,566
Adjustment due to change in accounting policy (Note 2(b))	472	-	472	-
Adjusted balance at April 1, 2007	(4,048)	12,811	8,763	5,566
Excess (deficiency) of revenue over expenses	(2,407)	-	(2,407)	2,584
Capital assets purchased with internal funds	(2,405)	2,405	-	-
Reclassify prior year capital addition from internal to externally funded	201	(201)	-	-
Contributed land	-	-	-	141
Amortization of internally funded capital assets	2,963	(2,963)	-	
Balance at end of year	$ (5,696)	$ 12,052	$ 6,356	$ 8,291

The accompanying notes and schedules are part of these financial statements.

EAST CENTRAL HEALTH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2008
(In thousands)

	2008 Budget	2008 Actual	2007 Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	$ 489	$ (2,407)	$ 2,584
Non-cash transactions:			
Amortization (Schedule 1)	8,566	10,928	8,566
Amortized external capital contributions	(5,458)	(7,965)	(6,215)
Disposals - externally funded	-	(21)	(1)
Loss (Gain) on disposal of capital equipment	-	18	(26)
Changes in non-cash working capital accounts	(3,395)	6,517	(2,084)
Cash generated from operations	222	7,070	2,824
Investing activities:			
Purchase of capital assets:			
internally funded - equipment	(2,840)	(2,097)	(3,695)
internally funded -work in progress	-	(308)	-
externally funded - equipment	(8,783)	(2,842)	(4,774)
externally funded -facilities and improvements	(14,669)	(154)	(2,288)
externally funded - work in progress	-	(23,403)	(14,708)
Proceeds on disposal of capital assets	-	3	27
Increase in other assets	-	(117)	(708)
Allocations from (to) non-current cash	21,300	7,778	(3,355)
Change in accounting policy (Note 2(b))	-	472	-
Contributed assets put into service	-	-	(141)
Cash used by investing activities	(4,992)	(20,668)	(29,642)
Financing activities:			
Increase (decrease) in non-current deferred contributions	9	(299)	16
Capital contributions received	2,143	19,121	25,250
Cash generated from financing activities	2,152	18,822	25,266
Increase (decrease) in cash and investments	(2,618)	5,224	(1,552)
Cash and investments, beginning of year	10,920	10,920	12,472
Cash and investments, end of year	$ 8,302	$ 16,144	$ 10,920

The accompanying notes and schedules are part of these financial statements.

EAST CENTRAL HEALTH
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008
(In thousands)

Note 1 Authority, Purpose and Operations

East Central Health (the Authority) was established on June 24, 1994 under the Alberta Regional Health Authorities Act. The Authority is a registered charity under the Income Tax Act and exempt from payment of income tax.

The Authority delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

- Bashaw Community Health Services
- Bashaw Care Centre
- Camrose Community Health Services
- Camrose Mental Health Clinic
- Daysland Health Centre
- Galahad Care Centre
- Hardisty Health Centre
- Hardisty Mental Health Clinic
- Islay Care Centre
- Killam Mental Health Clinic
- Kitscoty Community Health Services
- Lamont Community Health Centre
- Munnville Care Centre
- Myrnam Home Care
- Provost Community Health Services
- Provost Health Centre
- Provost Mental Health Clinic
- Sedgewick Community Health Services
- Tofield Community Health Services
- Tofield Health Centre
- Tofield Mental Health Clinic
- Two Hills Health Centre
- Two Hills Community Health Services
- Vegreville Care Centre
- Vegreville Community Health Services
- Vegreville Mental Health Clinic
- Vermilion Community Health Services
- Vermilion Health Centre
- Vermilion Mental Health Clinic
- Viking Community Health Services
- Viking Health Centre
- Wainwright Community Health Services
- Wainwright Health Centre
- Wainwright Mental Health Clinic
- Willingdon Home Care

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 15.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

(1) The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 21.

(2) These financial statements were prepared on a consolidated basis and include the following:

(i) The Authority uses the proportionate consolidation method to account for its 11.8% interest in the Regional Shared Health Information Program ("RSHIP") (Note 15(b)).

(ii) The Authority uses the proportionate consolidation method to account for its 50% interest in the Camrose Local Primary Care Initiative and for its 25% interest in the Provost – Consort Primary Care Network (Note 15(c)).

(iii) The financial statements do not include the assets, liabilities or operations of the foundations described in Note 15(d), which are controlled by the Authority.

(3) These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted contributions are recognized as revenue in the year receivable.

(ii) Restricted non-capital contributions are recognized as revenue in the year in which the related expenses are incurred.

(iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.

(iv) Restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.

(v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

(vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Change in Accounting Policy

Effective April 1 2007, the Authority implemented new financial instrument standards in accordance with CICA Handbook, Section 3855, Financial Instruments - Recognition and Measurement and Section 3861, Financial Instruments - Disclosure and Presentation. The adoption of these new standards resulted in changes in the accounting and presentation for financial instruments and in the recognition of certain transition adjustments that have been recorded in opening net assets at April 1, 2007. These standards have been implemented prospectively.

According to these new standards, all financial assets and financial liabilities must be classified into one of the following categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale and other financial liabilities. The related accounting policies adopted by the Authority and the resulting impact to the financial statements are discussed below.

All financial instruments are initially recognized on the statement of financial position at their fair value. Subsequent to their initial recognition, all financial instruments continue to be measured at their fair value except for accounts receivable, contributions receivable from Alberta Health & Wellness, and other financial liabilities which must be measured at amortized cost using the effective interest method.

Held-for-trading:

The Authority has classified its cash and investments as held-for-trading financial assets.

Changes in the fair value of financial assets and liabilities that are classified as held-for-trading are recorded in the statement of operations and included in investment and other income. Due to the nature of these assets, carrying value approximates fair value.

Accounts receivable:

The Authority has classified its accounts receivable and contributions receivable from Alberta Health and Wellness as loans and receivables, which are measured at amortized cost.

Other financial liabilities:

For the Authority, the other financial liabilities classification includes accounts payable and accrued liabilities which are measured at amortized cost.

As of April 1, 2007, the Authority recorded a non-cash credit of $472 to net assets for the change in accounting for financial assets classified as held for trading and measured at fair value rather than at cost.

(c) Pending changes to accounting policy

In December 2006, the Accounting Standards Board (AcSB) issued a new accounting standard on disclosures about financial instruments. Section 3862, Financial Instruments – Disclosures, improves upon the disclosure requirements in Section 3861, Financial Instruments – Disclosures and Presentation, and converges with International Financial Reporting Standard IFRS 7, Financial Instruments – Disclosures. Section 3862 must be implemented no later than the first reporting period in the first fiscal year beginning on or after October 1, 2007, but was made available in time for voluntary early implementation concurrent with adoption of the suite of financial instruments standards issued in 2005 (and effective for reporting periods beginning on or after October 1, 2006). Entities choosing not to early adopt the new disclosure requirements will continue to comply with the existing disclosure requirements in Section 3861.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Section 3862, like Section 3861, is based on the fundamental principle that entities should provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance. Section 3862 places an increased emphasis on disclosures about the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. Concurrent with the release of Section 3862, the AcSB also issued Section 3863, Financial Instruments – Presentation, which carries forward unchanged the presentation requirements of Section 3861. Section 3863 provides a companion standard to Section 3862 for entities subject to the latter. The Authority plans to adopt this new disclosure standard beginning with its 2009 fiscal year.

Capital Disclosures
In December 2006, the CICA issued accounting standards Section 1535 - Capital Disclosures, which establishes disclosure requirements concerning capital. This disclosure includes such information as: qualitative information about its objectives, policies and processes for managing capital; quantitative data about what it regards as capital; whether it has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance. The Authority is presently evaluating the impact of this new standard, on its 2009 financial statement disclosures. The Authority will implement this new standard effective April 1, 2008.

(d) Full Cost

The Authority accounts for all costs of services for which it is responsible. Fair value transactions comprise:

(1) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges and as the Authority's contracted health service expense.

(2) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as they represent part of the Authority's health program costs.

(3) Fair value for use of acute care facilities not owned by the Authority is recorded as other government contributions or donations, and as program expense, since the Authority's contract payments do not include amounts for use of these facilities.

(4) Fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(5) Other assets, supplies and services a health authority would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied where the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Authority does not record its portion of the plan's deficit or surplus. The Authority fully accrues its obligations for employee non-pension future benefits.

The Authority provides a defined benefit Supplementary Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

(f) Inventories

Inventories are valued at the lower of moving average cost or net realizable value.

(g) Capital Assets

Capital assets and work in progress are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	20 years
Buildings and improvements	40 years
Leasehold improvements	20 years
Furniture and equipment	5-20 years

Capital assets with unit costs less than five thousand dollars are expensed. Work in progress is not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

(h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. The Supplementary Retirement Plan obligation is based on actuarial calculations. Actual results could differ from estimates.

Note 3 Cash and Investments

	2008		2007	
	Fair Market Value	Cost	Fair Market Value	Cost
Cash	$ 23,682	$ 23,682	$ 22,562	$ 22,562
Bonds	6,400	6,290	9,601	9,491
Equities	4,194	4,312	4,939	4,577
Total	$ 34,076	$ 34,084	$ 37,102	$ 36,630
Classified as:				
Current	$ 16,144		$ 11,392	$ 10,920
Non-current	17,932		25,710	25,710
Total cash and investments	$ 34,076		$ 37,102	$ 36,630

(a) To optimize returns at an acceptable risk level, management has established a policy asset mix of 5% to 20% for cash and cash equivalents, 50% to 80% for fixed-income investments, 10% to 20% for Canadian equities and 5% to 15% for foreign equities. Risk is reduced through diversification.

Fixed-income securities, such as bonds, have an effective yield of 4.69% per year, and 5.35% per annum for securities maturing between 1 and 35 years. As at March 31, 2008, the securities have the following maturity structure.

1 to 5 years	67%
6 to 10 years	21%
Over 10 years	12%

(b) Equities comprise publicly-traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation.

(c) Non-current cash and investments represent the following:

	2008	2007
Externally restricted for capital acquisitions:		
Equipment grants	$ 4,879	$ 7,496
Infrastructure maintenance program	2,907	1,589
Building systems upgrade initiative	1,342	-
Health sustainability initiatives	-	150
Hand hygiene strategy	480	-
Reducing & avoiding injury initiative	1,100	-
Major capital projects	7,337	14,669
Information technology projects	267	1,287
Externally restricted for other purposes:		
Healthy Aging Partnership Initiatives	220	519
	$ 17,932	$ 25,710

Note 4 Capital Assets

	Cost				
	Opening Balance April 1, 2007	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2008
Land	$ 1,676	$ -	$ -	$ -	$ 1,676
Land improvements	2,020	-	-	-	2,020
Buildings and improvements	136,995	25	110	-	137,130
Leasehold improvements	127	-	-	-	127
Furniture and equipment	47,291	6,906	6,938	804	52,331
Construction and technology projects in progress	16,301	(7,131)	20,722	-	29,892
	$ 204,410	$ -	$ 27,770	$ 804	$ 231,376

	Accumulated Amortization					
	Opening Balance April 1, 2007	Current year amortization	Amortization on disposals	Closing Balance March 31, 2008	Net Book Value 2008	Net Book Value 2007
Land	$ -	$ -	$ -	$ -	$ 1,676	$ 1,676
Land improvements	1,364	101	-	1,465	555	656
Buildings and improvements	60,772	3,792	-	64,564	72,566	76,223
Leasehold improvements	50	7	-	57	70	77
Furniture and equipment	32,979	7,205	813	39,371	12,960	14,312
Construction and technology projects in progress	-	-	-	-	29,892	16,301
	$ 95,165	$ 11,105	$ 813	$ 105,457	$ 125,719	$ 109,245

Capital assets were funded from the following sources:

	2008	2007
Externally funded (unamortized external capital contributions)	$ 123,005	$ 104,391
Internally funded (invested in capital assets)	12,052	12,811
	$ 135,057	$ 117,202

Note 5 Other Assets

Other assets include the accrued pension benefit relating to the Senior Executive Retirement Plan which is fully funded.

Note 6 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

	2008	2007
Current		
Alberta Health and Wellness:		
Mental Health Grants	$ 2,340	$ 1,982
Specialists on call program	685	632
Pandemic Influenza Supplies	379	-
Healthy Weights	363	294
Cardiac Access Collaborative	324	-
Continuing Care - Case Management	303	146
Primary Pediatric Model	145	103
Privacy & Security 2005	342	-
Immunization Strategy	217	282
Hip&Knee Replacement Continuum	213	-
Continuing Care - Implement Standards	33	269
Rural on call program	18	262
Privacy and security	-	330
Various projects <$200,000 each	896	648
Other contributors:		
Stroke Strategy	998	825
Ach Colorectal Capacity Bldg	300	-
Primary Care Initiatives	1,349	1,227
Various projects <$200,000 each	121	60
	9,112	7,978
Non-Current		
Alberta Department of Seniors and Community Supports:		
Healthy aging partnership initiatives (HAPI)	220	319
Total	$ 9,332	$ 7,297

Note 7 Deferred Capital Contributions

The balance at the end of the year is restricted for the following purposes:

	2008	2007
Equipment replacement	$ 4,879	$ 7,496
Information technology projects	267	1,287
Building systems upgrade initiative	1,343	-
Infrastructure maintenance program	2,307	1,589
Health Sustainability Initiatives	-	130
Hand hygiene strategy	480	-
Reducing & avoiding injury initiative	1,180	-
New construction	7,337	14,689
	$ 17,712	$ 25,191

Note 8 Long-Term Employee Benefits

(a) Supplementary Retirement Plan

The Authority has a supplementary defined benefit plan for certain management staff. There are no cash payments made to staff relating to this plan until their retirement. The plan's assets will be held in a trust pursuant to a Retirement Compensation Arrangement (as defined by the Income Tax Act). The plan is fully funded. Actuarial valuations are completed annually. The obligation and pension expense can vary with changes in actuarial assumptions used to estimate the obligation.

Note 8 Long-Term Employee Benefits (continued)

(a) Supplementary Retirement Plan (continued)

	2008	2007
Accrued Benefit Obligation		
Accrued obligation, beginning of year	$ 1,142	$ 824
Current service cost	71	68
Interest cost	63	48
Actuarial loss	113	202
Accrued obligation, end of year	1,389	1,142
Reconciliation of funded status of accrued benefit asset / liability		
Funded status of plan (deficit)	(104)	(212)
Unamortized actuarial loss	291	189
Unrecognized initial obligation	638	731
Accrued benefit asset	825	708
Current service cost	71	68
Interest cost	63	48
Amortization of prior service costs	93	93
Amortization of net actuarial loss	23	(2)
Expected return on plan assets	(30)	(18)
Benefit cost	$ 220	$ 189
Significant actuarial assumptions are as follows		
Discount rate	5.2%	5.2%
Expected return on plan assets	2.6%	2.6%
Expected average remaining service life of employees	7 years	8 years
Salary scale increases	4%	4%

The above information is based on the annual actuarial valuation performed as of March 31 for each fiscal year.

Plan assets (held by trustee)		
Employer contributions		
Fair value of assets - March 31	$ 655	$ 469
Plan assets (held by Canada Revenue Agency)		
Employer contributions paid as refundable taxes	630	461
Total plan assets	$ 1,285	$ 930
Funded status of plan - deficit	$ 104	$ 212

Note 8 Long-Term Employee Benefits (continued)

(b) Pension Costs

At December 31, 2007, the Local Authorities Pension Plan reported an actuarial deficiency of $1,183,334 (2006 - deficiency of $746,651).

	2008	2007
Pension plan expense comprises the following:		
Local Authorities Pension Plan	$ 5,379	$ 4,828
Supplementary defined benefit plan	220	189
	$ 5,599	$ 5,017

Note 9 Commitments and Contingencies

(a) Commitments

The Authority contracts on an ongoing basis with voluntary and private health service operators to provide health services (Note 15(g)). The Authority has contracted for services in the year ending March 31, 2008 similar to those provided by these operators in 2007.

In order to manage its exposure to the volatility in the electrical industry, the Board has entered into a five year contract, expiring March 31, 2010, to purchase electrical energy at a fixed price of $54.40 per MWh. Based on 2008 consumption, the annual costs for the year ending March 31, 2009 are expected to be $1,382.

The Authority is committed to operating lease payments in future years as follows:

2009	$ 930
2010	771
2011	496
2012	220
2013 and thereafter	111
	$ 2,548

The leases expire at various dates from 2009 to 2013.

The Authority is committed to the following construction and technology projects currently in progress and which will be satisfied from externally funded grants:

Vegreville Long Term Care Project	$ 353
Vermilion Long Term Care Project	334
Viking Acute Care Expansion Project	6,780
Central Sterilization Renovation Projects	317
Athabasca Bay - Provost	116
Medical Information Technology Inc.	785
	$ 9,085

Note 9 Commitments and Contingencies (continued)

(b) Contingencies

The Authority has a contingent liability in respect of a claim concerning increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The total amount of the claim is in excess of $150 million based on the amount of the increase in accommodation charges levied. The outcome of the claim is not determinable, and no liability is recorded at this time.

The Authority has a contingent liability in respect of claims relating to the failure of St. Joseph's Hospital to provide adequate infection control and safety measures to prevent contamination of medical equipment. The total amount of these claims is in excess of $40 million. The outcome of the claims is not determinable, and no liability is recorded at this time.

In the ordinary course of operations, various other claims and lawsuits are brought against the Authority. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Authority believes there will be no material adverse effect on the financial position of the Authority.

Note 10 Budget

	2008 Board Approved Budget [1]	Adjustments [2]	2008 Reported Budget
Revenue			
Alberta Health and Wellness contributions	$ 214,589	$ 7,431	$ 222,020
Other government contributions	3,676	(1,272)	2,204
Fees and charges	19,941	445	20,386
Ancillary operations, net	48	-	48
Donations	-	310	310
Investment and other income	3,711	199	3,910
Amortized external capital contributions	5,438	-	5,438
TOTAL REVENUE	267,203	7,113	254,316
Expenses			
Facility-based inpatient acute nursing services	41,588	2,170	43,758
Facility-based emergency and outpatient services	9,436	508	9,944
Facility-based continuing care services	42,035	1,220	43,255
Community-based care	9,735	2,370	12,105
Home care	22,940	(1,130)	21,810
Diagnostic and therapeutic services	37,572	1,148	38,720
Promotion, prevention and protection services	6,939	191	7,130
Administration	16,525	13	16,539
Information technology	4,846	388	5,234
Support services	49,855	235	50,090
Amortization of facilities and improvements	5,243	-	5,243
TOTAL EXPENSES	246,714	7,113	253,827
Excess of revenue over expenses	$ 489	$ -	$ 489

(1) The revised budget was approved by the Board of the Authority on October 24, 2007, and submitted to the Minister of Health and Wellness

(2) The Business Plan submitted to Alberta Health and Wellness included significant budget allocations based on management estimates. The budget was subsequently adjusted for actual allocations as they became known.

Note 11 Alberta Health and Wellness Contributions

	2008	2007
Unrestricted contributions	$ 208,973	$ 195,132
Other one time grants	1,500	-
Transfers from deferred contributions	8,729	6,377
Transfers from deferred capital contributions	3,042	2,150
AH&W payments to contract operators:		
Legacy Mortgage Assistance Program for nursing home upgrades	-	424
Management services contract	263	-
	$ 222,507	$ 204,083

Note 12 Other Government Contributions

	2008	2007
Alberta Government:		
Fair value adjustments	$ 1,367	$ 1,277
Transfers from deferred contributions	123	160
Alberta Employment, Immigration and Industry		
Summer Temporary Employment Program	18	-
Alberta Health Authorities:		
Alberta Cancer Board	167	183
Information technology - Client registry project	305	-
East Central Alberta Child and Family Services Authority		
Fetal Alcohol Spectrum Disorders	47	-
Federal Government		
Quality of Worklife project	26	164
	$ 2,053	$ 1,784

Note 13 Ancillary Operations

	2008				2007
	Revenue	Direct Expenses	Amortization Expense	Excess of Revenue Over Expenses	Excess of Revenue Over Expenses
Non-patient food services	$ 673	668	7	$ (2)	$ (1)
Rental operations	59	13	-	26	$ 20
Other	39	32	-	27	$ 16
	771	713	7	51	35
Amortized deferred capital contributions	1			1	$ 1
Total	$ 772	$ 713	$ 7	$ 52	$ 36

Note 14 Investment and Other Income

	2008	2007
Investment income	$ 234	$ 1,302
Workers Compensation rebates	680	680
Primary Care Networks	178	224
Heart and Stroke Foundation of Alberta, NWT & Nunavut Stroke Strategy	236	568
Other revenue	2,449	1,783
	$ 3,797	$ 4,457

Investment income comprises interest, dividends, amortization of discount (premiums) and realized and unrealized net gains or losses on investments.

Other revenue comprises charges for laundry services to continuing care clients, services provided to others and various miscellaneous recoveries.

Note 15 Related Parties

(a) Province of Alberta

The Minister of Health and Wellness appoints members of the Authority. The Authority is economically dependent on the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry.

The Authority had the following transactions with other Health Authorities recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

Authority	2008				2007			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Chinook Regional Health Authority	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Palliser Health Region	-	-	-	-	-	-	-	-
Calgary Health Region	-	-	-	-	63	-	22	-
David Thompson Regional Health Authority	349	61	3	7	68	64	66	-
Capital Health	307	1,804	48	48	165	205	56	144
Aspen Regional Health Authority	-	414	-	57	58	347	-	32
Peace Country Health	-	-	-	-	-	20	-	-
Northern Lights Health Region	-	-	-	-	-	-	-	-
Health Quality Council of Alberta	-	6	-	-	-	-	-	-
Alberta Mental Health Board	10	9	-	-	-	-	-	-
Alberta Cancer Board	238	-	368	-	34	-	10	-
Total	$ 708	$ 1,534	$ 438	$ 110	$ 486	$ 1,296	$ 156	$ 176

Note 15 Related Parties (continued)

(b) Regional Shared Health Information Program (RSHIP)

The seven non-metro health regions (Chinook Regional Health Authority, Palliser Health Region, David Thompson Regional Health Authority, East Central Health, Aspen Regional Health Authority, Peace Country Health and Northern Lights Health Region) have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

	2008	2007
Alberta Health and Wellness Funding:		
Initial project grant	$ 5,997	$ 5,409
Picture Archiving (PACS)	2,836	2,836
Picture Archiving (PACS) (DI Equipment)	2,015	1,417
Backup Data Centre and software	200	186
Client registry	319	14
Integration grant	21	16
Alberta Infrastructure funding:		
Health Sustainability grant	91	91
Total external funding	11,479	9,969
Health Authority contribution	9,964	9,005
	$ 21,443	$ 18,974

The total costs have been reported as capital assets.

(c) Primary Care Networks

The Authority's share of the following Primary Care Networks are included in the financial statements under the proportionate consolidation method.

Camrose Local Primary Care Initiative	Health Authority's 50% share	
	2008	2007
Opening balance	$ 1,085	$ -
Contributions from Alberta Health and Wellness	321	1,288
Amounts recognized as revenue	(116)	(198)
Amounts deferred	$ 1,300	$ 1,085

Provost - Consort Primary Care Network	Health Authority's 25% share	
	2008	2007
Opening balance	$ 66	$ -
Contributions from Alberta Health and Wellness	45	96
Amounts recognized as revenue	(62)	(30)
Amounts deferred	$ 49	$ 66

Note 15 Related Parties (continued)

(d) Foundations

The following controlled foundations are not consolidated in these financial statements:

(1) Viking Health Foundation

The Viking Health Foundation was established under the authorization of the Minister of Health on June 27, 1997. Representation on its Board consists of 11 members appointed by the Authority. The Viking Health Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Viking community.

	2007	2006
Assets	$ 2,205	$ 1,783
Liabilities	(63)	(60)
Net assets	$ 2,142	$ 1,723
Revenue	$ 598	$ 188
Expenses	(178)	(134)
Excess of revenue over expenses	$ 420	$ 54

The resources of the foundation amounting to $2,142 (2006 - $1,723) have been restricted by donors for the exclusive use of the Viking community.

(2) Tofield and Area Health Services Foundation

The Tofield and Area Health Services Foundation was established under the authorization of the Minister of Health on September 10, 2003. Representation on its Board consists of 7 members appointed by the Authority. The Tofield and Area Health Services Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Tofield community.

	2007	2006
Assets	$ 31	$ 25
Liabilities	-	-
Net assets	$ 31	$ 25
Revenue	$ 15	$ 15
Expenses	(9)	(9)
Excess of revenue over expenses	$ 6	$ 6

The resources of the foundation amounting to $31 (2006 - $25) have been restricted by donors for the exclusive use of the Tofield community.

Note 15 Related Parties (continued)

(e) Foundations (continued)

	Contributions received by the Authority Year ended March 31,		Resources held by the Foundation at March 31, 2007	
	2008	2007	Externally Restricted	Unrestricted
Viking Health Foundation	$ 56	$ 51	$ -	$ 2,142
Tofield and Area Health Services Foundation	42	-	-	31
Net assets	$ 98	$ 51	$ -	$ 2,173

(f) Other Foundations

The Authority has economic interest in the Dayland General Hospital Foundation and the Wainwright & District Community Health Foundation.

The Authority is permitted to appoint one representative to the Board of Directors of each foundation. These foundations were established to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of each community.

(g) Contracts with Health Service Providers

The Authority has an economic interest through its contracts with voluntary and private health service providers in the region. Funding was provided as follows:

	2008			2007		
	Voluntary Health Service Providers	Private Health Service Providers	Total	Voluntary Health Service Providers	Private Health Service Providers	Total
Direct Region funding	$ 86,658	$ 11,631	$ 98,289	$ 79,982	$ 10,834	$ 90,816
Direct AH&W funding	-	-	-	-	424	424
Fees and charges	9,493	929	10,422	9,026	950	9,976
Full cost adjustments	828	-	828	828	-	828
Total	$ 96,979	$ 12,560	$109,539	$ 89,836	$ 12,208	$ 102,044

Note 16 Subsequent Event

On May 15, 2008, the Minister of Health and Wellness issued a Ministerial Order, M.O. #50/2008, to restructure the governance structure of the health services delivery system in Alberta. Accordingly, effective April 1, 2009, the Authority's boundaries will be amended to encompass all areas within the province of Alberta and the name of the area will be amended to be "Alberta Health Authority". All assets, liabilities, rights and obligations of the disestablished Authorities will become the assets, liabilities, rights and obligations of the Alberta Health Authority.

Note 17 Trust Funds

The Authority is providing fiscal management of funds received in trust from Alberta Health and Wellness for the Building Health System Leadership Capacity project, the Alzheimer's Dementia project, Camrose Local Primary Care Initiative and the Provost – Consort Primary Care Network. These amounts are not reported in the statements.

During the year the Authority received $1,977 and disbursed $672. The balance of funds held by the Authority is $4,130.

Note 18 Accumulated Deficit

The Authority has an accumulated deficit of $5,696 at March 31, 2008 (2007 - $4,520). Per Alberta Regulation 15/95 of the Regional Health Authorities Act, the Authority must provide the Minister with a plan, in writing, that is satisfactory to the minister, to eliminate an accumulated deficit within 3 years of it being incurred.

Note 19 Comparative Figures

Certain 2007 figures have been reclassified to conform to the 2008 presentation.

Note 20 Approval of financial statements

These financial statements have been approved by the Board.

Schedule 1

EAST CENTRAL HEALTH

SCHEDULE OF EXPENSES BY OBJECT

MARCH 31, 2008

(in thousands)

	Budget	2008	2007
Salaries and benefits (Schedule 2)	$ 99,573	$ 99,314	$ 89,764
Contracts with health service providers (Note 15(g))	107,757	109,539	102,044
Drugs and gases	1,588	1,675	1,544
Medical and surgical supplies	1,530	1,964	1,602
Other contracted services	789	8,120	5,804
Other [1]	26,705	28,779	25,292
Amortization:			
Capital equipment - internally funded	3,078	2,916	2,315
Capital equipment - externally funded	245	4,119	2,467
Facilities and improvements - internally funded	50	47	36
Facilities and improvements -externally funded	5,193	3,846	3,748
Loss (Gain) on sale of equipment	-	18	(26)
	254,508	260,337	234,590
Less amounts reported in ancillary operations (Note 13)	(681)	(720)	(641)
	$ 253,827	$ 259,617	$ 233,949

[1] Other:

Utilities	$ 3,201	$ 2,950	$ 2,993
Buildings and ground maintenance	2,695	2,796	2,559
Staff travel costs	2,098	2,728	2,038
Patient transportation	1,817	1,916	1,778
Food supplies	1,815	1,824	1,717
Minor equipment	1,602	1,743	1,641
Insurance	542	544	546
Other	12,935	14,278	12,020
Total	$ 26,705	$ 28,779	$ 25,292

Schedule 2

EAST CENTRAL HEALTH

SCHEDULE OF SALARIES AND BENEFITS

MARCH 31, 2008

(in thousands)

	2008								2007	
						Severance [5]				
	Number of Individuals [1]	Base Salary [2]	Other Cash Benefits [3]	Other Non-Cash Benefits [4]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals [1]	Total
Board Compensation [6]										
Chair - E. Andersen	1	$ -	$ 13	$ -	$ 13	-	$ -	$ 13	1	$ 42
M. Arnold	1	-	5	-	5	-	-	5	1	16
R. Crooker	1	-	4	-	4	-	-	4	1	10
P. Gulak	1	-	5	-	5	-	-	5	1	8
L. Heinemann	1	-	2	-	2	-	-	2	1	12
J. Hunter	1	-	3	-	3	-	-	3	1	8
R. Israelson	1	-	7	-	7	-	-	7	1	12
L. Johnson	1	-	2	-	2	-	-	2	1	11
C. Mastel	1	-	5	-	5	-	-	5	1	3
O. Olineck	1	-	8	-	8	-	-	8	1	18
J. Rudkowsky	1	-	6	-	6	-	-	6	1	12
M. Schreiber	1	-	4	-	4	-	-	4	1	10
Total Board Compensation	12	-	64	-	64	-	-	64	12	162

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
MARCH 31, 2008
(thousands of dollars)

	2008								2007	
						Severance [5]				
	Number of FTE's [1]	Base Salary [2]	Other Cash Benefits [3]	Other Non-Cash Benefits [4]	Sub-total	Number of Individuals	Amount	Total	Number of FTE's [1]	Total
Staff										
Chief Executive Officer [6]	0.4	76	-	94	170	1	575	745	1.0	366
Official administrator - contracted service	0.6	263	-	-	263	-	-	263	-	-
Management persons reporting to the CEO:										
Vice President - Medical Services	1.1	304	-	102	406	-	-	406	1.0	342
Vice President - Operations	1.0	161	-	49	210	-	-	210	1.0	195
Chief Financial Officer	1.0	147	-	40	187	-	-	187	1.0	181
Chief Corporate Services Officer	1.0	152	-	39	191	-	-	191	1.0	179
Director - Communications	0.8	76	-	14	90	-	-	90	1.0	112
Other management persons reporting directly to those above	16.5	1,729	10	315	2,054	-	-	2,054	18.5	2,078
Other management	65.7	5,815	23	1,101	6,939	-	-	6,939	55.3	5,665
Regulated nurses not included above										
RN's, Reg. Psych. Nurses, Grad nurses	281.9	21,353	2,086	4,625	28,064	-	-	28,064	295.0	25,839
LPN's	128.2	5,797	619	1,224	7,640	-	-	7,640	123.2	6,923
Other health technical and professionals	222.7	14,274	810	2,906	17,990	-	-	17,990	197.7	16,014
Unregulated health service providers	370.9	9,497	1,113	2,056	12,666	-	-	12,666	307.6	12,202
Other staff	475.3	17,449	626	3,729	21,804	-	1	21,805	434.9	19,506
Total Staff Compensation	1,567.1	77,093	5,287	16,294	98,674	1	576	99,250	1,438.2	89,602
Grand Total		$ 77,093	$ 5,351	$ 16,294	$ 98,738		$ 576	$ 99,314		$ 89,764

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2008

(1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 2,579 (2006 - 2,412). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.

(2) Base salary includes pensionable base pay.

(3) Other cash benefits include bonuses, overtime, shift and responsibility premiums, lump sum payments and honoraria.

(4) Other non-cash benefits include:

a. Employer's current and prior service cost of supplementary retirement plans per note (7) below.

b. Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition.

c. Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay, financial planning services, retirement planning services, commissionaire hours, travel allowances, car allowances, and club memberships.

(5) Severance includes direct or buyout payments to individuals upon termination, which are not included in other benefits.

(6) Automobile provided. No dollar amount included in other non-cash benefits.

(7) Supplemental Retirement Plan (SRP)

Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings.

SUPPLEMENTARY RETIREMENT BENEFITS

	2008			2007
	Current Service Costs	Prior Service and Other Costs	Total	Total
Chief Executive Officer	$ 10	$ 74	$ 84	$ 59
Vice President - Medical Services	39	38	77	51
Vice President - Operations	10	16	26	16
Chief Financial Officer	6	11	17	12
Chief Corporate Services Officer	6	10	16	11
	$ 71	$ 149	$ 220	$ 149

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2008

(7) Supplemental Retirement Plan (continued)

The accrued obligation for each executive under the SRP is outlined in the following table:

	Accrued obligation March 31, 2007	Change in accrued obligation	Accrued obligation March 31, 2008
Chief Executive Officer	$ 468	$ 111	$ 579
Vice President - Medical Services	346	96	442
Vice President - Operations	147	17	164
Chief Financial Officer	86	11	97
Chief Corporate Services Officer	95	12	107
	$ 1,142	$ 247	$ 1,389

(8) The board members were dismissed by the Minister of Health and Wellness on July 25, 2007.

Capital Health

Consolidated Financial Statements

March 31, 2008

CAPITAL HEALTH

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2008

Management's Responsibility for Financial Reporting

Auditor's Report

Consolidated Statement of Financial Position

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Consolidated Statement of Changes in Net Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 – Consolidated Schedule of Expenses by Object

Schedule 2 – Consolidated Schedule of Salaries and Benefits

CAPITAL HEALTH
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008

The accompanying consolidated financial statements are the responsibility of management and have been approved by Capital Health. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising of written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. Capital Health has established a code of ethics and corporate directives, which require communication of the code to employees.

Capital Health members carry out their responsibility for the consolidated financial statements through the Audit Committee. This Committee meets with management, and the Auditor General of Alberta to discuss and review financial matters, and recommends the consolidated financial statements to the Capital Health Board for approval. The Auditor General of Alberta has full and free access to the Audit Committee.

The Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allows him to report on the fairness of the consolidated financial statements prepared by management.

[Original Signed by Sheila Weatherill]

Sheila Weatherill
President and
Chief Executive Officer

[Original Signed by Allaudin Merali]

Allaudin Merali
Executive Vice President &
Chief Financial Officer

May 22, 2008

Auditor's Report

To the Board of Directors of Capital Health
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of Capital Health as at March 31, 2008 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Capital Health's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Capital Health as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Original Signed by Fred J. Dunn", FCA
Auditor General

Edmonton, Alberta
May 14, 2008

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

CAPITAL HEALTH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2008
(thousands of dollars)

	2008	2007
ASSETS		
Current assets:		
Cash and investments (Note 2)	$ 295,868	$ 278,299
Accounts receivable:		
Contributions receivable	46,733	50,162
Other receivables	82,488	64,919
Inventories	20,081	22,364
Prepaid expenses	105,975	89,855
	571,147	505,799
Contributions receivable	163,503	154,274
Loans - long-term care partnership projects (Note 4 (a))	43,597	44,608
Non-current cash and investments (Note 2)	679,721	669,535
Capital assets (Note 3)	1,450,120	1,367,086
TOTAL ASSETS	$ 2,908,148	$ 2,339,302
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 255,814	$ 204,248
Accrued vacation pay	98,777	89,279
Deferred operating contributions (Note 6)	175,436	141,617
	529,027	435,144
Non-current liabilities:		
Deferred operating contributions (Note 6)	3,736	3,518
Deferred capital contributions (Note 7)	828,553	800,134
Deferred contributions - long-term care partnership projects (Note 4 (b))	45,136	46,928
Asset retirement obligation (Note 5 (c))	9,456	9,097
Life lease deposits (Note 8)	12,862	13,345
	899,745	881,812
Unamortized external capital contributions	1,362,273	1,095,820
Net assets:		
Unrestricted (deficiency)	(21,923)	-
Cumulative net unrealized gains on investments	6,957	-
Internally restricted funds for designated purposes (Note 9)	57,886	48,645
Accumulated surplus	42,120	48,645
Investment in capital assets (non-internally, funded sources	131,983	147,918
	217,103	216,563
TOTAL LIABILITIES AND NET ASSETS	$ 2,908,148	$ 2,339,302

Commitments and contingencies (Note 10)
The accompanying notes and schedules are part of these consolidated financial statements.

CAPITAL HEALTH
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2008
(thousands of dollars)

	2008 Budget (Note 11)	2008 Actual	2007 Actual
Revenue			
Alberta Health and Wellness contributions (Note 12)	$ 2,444,510	$ 2,446,151	$ 2,254,322
Other government contributions (Note 13)	44,427	53,813	43,409
Fees and charges	185,365	189,852	182,995
Ancillary operations, net (Note 14)	6,302	11,617	9,689
Research and education	42,467	37,728	38,433
Investment and other income (Note 15)	102,164	160,188	110,191
Amortization of external capital contributions	95,500	86,755	67,112
TOTAL REVENUE	2,920,835	2,935,302	2,702,139
Expenses (Schedule 1)			
Facility-based inpatient acute care services	823,300	824,364	736,859
Facility-based emergency and outpatient services	365,417	364,898	315,971
Facility-based continuing care services	270,510	266,956	244,790
Community-based care	112,305	110,420	94,086
Home care	94,810	94,864	86,376
Diagnostic and therapeutic services	554,279	579,757	498,968
Promotion, prevention and protective services	73,391	74,015	68,123
Research and education	111,033	124,175	115,421
Administration	78,192	77,082	67,343
Information technology	56,251	48,952	50,891
Support services	351,447	330,796	331,060
Amortization of facilities and improvements	40,000	35,535	35,240
TOTAL EXPENSE	2,920,935	2,943,894	2,647,068
Excess (deficiency) of revenue over expense	$ -	$ (18,592)	$ 55,091

The accompanying notes and schedules are part of these consolidated financial statements.

CAPITAL HEALTH
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2008
(thousands of dollars)

	2008							2007
	Unrestricted (deficiency)	Cumulative Net Unrealized Gains on Investments	Internally Restricted Funds for Capital Purchases	Internally Restricted Funds for Designated Purposes	Accumulated Surplus	Investment in Capital Assets	Total	Total
Balance at beginning of year	$ -	$ -	$ 42,536	$ 26,109	$ 68,645	$ 147,918	$ 216,563	$ 152,975
Adjustment due to change in accounting policy (Note 2(c)		17,178			17,178	1,651	18,829	
Adjusted balance at April 1, 2007	$ -	$ 17,178	$ 42,536	$ 26,109	$ 85,823	$ 149,569	$ 235,392	$ 152,975
Excess (deficiency) of revenue over expense	(18,502)			-	(18,502)	-	(18,502)	55,091
Capital assets purchased with internal funds			(43,282)	(294)	(43,576)	43,576	-	-
Amortization on internally funded assets	27,428				27,428	(27,428)	-	-
Transfer to/from internally restricted funds	(26,890)		29,361	(2,471)	-		-	
Transfer for parkades	(4,508)	-	4,508	-	-		-	
Contribution of land (Note 5)					-	10,434	10,434	8,497
Cumulative net unrealized gains on investments								
Unrealized loss on available for sale financial assets arising during the year		(10,349)			(10,349)		(10,349)	
Reclassification adjustment for gains included in excess (deficiency) of revenue over expense		128			128		128	
Amortization of discount on life lease liability	549				549	(549)	-	
Life lease deposits repayments				619	619	(619)	-	-
Balance at end of year	$ (21,923)	$ 6,957	$ 33,123	$ 23,963	$ 42,120	$ 174,983	$ 217,103	$ 216,563

The accompanying notes and schedules are part of these consolidated financial statements.

CAPITAL HEALTH
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2008
(thousands of dollars)

	2008 Budget	2008 Actual	2007 Actual
Operating activities:			
Excess (deficiency) of revenue over expense	$ -	$ (11,581)	$ 51,691
Non-cash transactions:			
Amortization (Schedule 1)	137,500	140,496	93,699
Loss on disposal of capital assets		10,852	6,581
Amortization of external capital contributions	(90,500)	(89,968)	(67,249)
Amortization of discount on life lease deposits	-	549	-
Amortization of long-term care partnership non-current loan (Note 4)	1,500	1,701	1,233
Amortization of long-term care partnership deferred contributions (Note 4)	(1,500)	(1,201)	(1,233)
Asset retirement obligation	2,500	449	8,599
Amortization of bond discount	-	257	1,267
Gain on disposal of investments	-	(128)	(4,223)
Change in non-cash working capital accounts	7,556	44,304	529
Cash generated by operations	57,556	54,857	91,654
Investing activities:			
Purchase of investments	(900,000)	(357,486)	(1,572,559)
Purchase of capital assets:			
Internally funded - equipment	(110,943)	(21,739)	(37,517)
Internally funded - facility and improvements	-	(31,857)	(23,259)
Externally funded - equipment	(77,000)	(59,177)	(71,579)
Externally funded - facility and improvements	(200,000)	(167,122)	(159,779)
Proceeds on sale of investments	980,000	157,455	1,522,689
Cumulative net unrealized gains on investments	-	4,557	-
Long-term care partnership projects (Note 4)	(1,500)	(949)	(1,200)
Allocations to non-current cash and investments	(1,500)	(230,752)	(8,737)
Cash used for investing activities	(308,943)	(734,373)	(328,039)
Financing activities:			
Deferred contributions	200	215	236
Capital contributions (Note 7)	277,000	486,337	282,439
Transfer for asset retirement obligation	-	(449)	(427)
Long-term care partnership projects (Note 4)	-	9	67
Change in contributions receivable		(5,289)	(38,697)
Life lease deposits received (repaid)	-	572	(1,254)
Cash generated from financing activities	277,200	477,295	240,360
Increase in cash and investments	(51,387)	17,579	38,985
Cash and investments at beginning of year	275,387	275,387	247,204
Cash and investments at end of year	$ 227,000	$ 292,966	$ 275,389

The accompanying notes and schedules are part of these consolidated financial statements.

CAPITAL HEALTH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
MARCH 31, 2008

Note 1 Authority, Purpose and Operations

Capital Health was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. Capital Health is exempt from payment of income tax and is a registered charity under the Income Tax Act.

On May 26, 2003 under a Ministerial Order, the Health Authority was named Capital Health. Capital Health is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

Capital Health's geographic boundaries include the cities of Edmonton, Fort Saskatchewan, Leduc, Spruce Grove and St. Albert; the communities of Devon, Stony Plain, Sherwood Park, Bruderheim, Morinville and Redwater; and the counties of Leduc, Parkland, Strathcona, Sturgeon and the eastern part of Yellowhead county.

Capital Health provides a significant amount of services to residents of surrounding northern regions, and for some specialized programs, provides services to all Albertans as well as the western provinces and territories.

Capital Health operations include the following:

a) Acute Care Hospitals, Community Hospitals and Health Centres
- University of Alberta Hospital
- Stollery Children's Hospital
- Royal Alexandra Hospital
- Glenrose Rehabilitation Hospital
- Grey Nuns Community Hospital (operated by the Covenant Health Group)
- Misericordia Community Hospital (operated by the Covenant Health Group)
- Sturgeon Community Hospital
- Leduc Community Hospital
- Devon General Hospital
- Alberta Hospital Edmonton
- Fort Saskatchewan Health Centre
- Redwater Health Centre
- Westview Health Centre
- Bruderheim Health Centre

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Note 1 Authority, Purpose and Operations (continued)

b) Innovative Primary Health Facilities
- Northeast Community Health Centre
- Health First Strathcona Primary Care Centre
- Eastwood Primary Health Care Centre

c) Continuing Care Facilities
- Capital Care Group Inc. (wholly owned subsidiary of Capital Health): Dickinsfield, Grandview, Norwood, Lynnwood, Kipness Centre for Veterans, Strathcona Care Centre, McConnell Care Centres, Laurier Houses, and Strathcona Alzheimer Care Centre
- Aspen House
- Edmonton General Hospital (operated by the Caritas Health Group)
- Private and Voluntary Continuing Care Providers:
  - 18 providers under contract operating at 34 sites
- Supportive Living – Private and Voluntary Operators
  - 28 designated assisted living sites
  - 82 support houses

d) Home Care - contracts with 16 agencies, 39 seniors residences/lodges and 382 self managed care contracts with individuals/guardians
e) Public Health Clinics - 22 sites
f) Public Health Specialty Clinics - 4 sites, 5 school health sites and 4 student health initiative partnership sites
g) Medical Education (residents) - various facilities
h) Research - undertaken at Northern Alberta Clinical Trials Centre and various facilities
i) Laboratory Services - hospital based laboratory services, and services contracted from a private operator
j) Provincial Laboratory at the University of Alberta Hospital site
k) Community Rehabilitation Physiotherapy Clinics at 65 sites under contract and 4 public sites and 20 other contract rehabilitation service agreements (audiology, respiratory therapy, etc.)
l) Ancillary Operations - non-patient food services, parking, and other commercial activities

In meeting its responsibilities under the Regional Health Authorities Act, Capital Health contracts with the Caritas Health Group to provide certain acute care services as an integral part of Capital Health's operations.

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region.

Note 2 Significant Accounting Policies and Reporting Practices

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 31 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

(1) (i) These financial statements have been prepared on a consolidated basis, except that foundations are not consolidated. The entities consolidated are Capital Health and its wholly owned subsidiaries, Capital Care Group Inc., Capital Health Teleophtoalmology Inc., and Edmonton Health System Inc. (Note 16).

(ii) Capital Health uses the proportionate consolidation method to account for its 50% interest in the Northern Alberta Clinical Trials Centre joint venture with the University of Alberta.

(iii) Capital Health uses the proportionate consolidation method to account for its 50% interest in the following Primary Care Networks:

- Edmonton Southside Primary Care Network
- Edmonton Oliver Primary Care Network
- Westview Primary Care Network
- St. Albert and Sturgeon Primary Care Network
- Leduc Beaumont Devon Primary Care Network
- Edmonton West Primary Care Network
- Edmonton North Primary Care Network
- Sherwood Park Primary Care Network

(2) These consolidated financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year proportional to the related expenses incurred. Unspent contributions are recorded as deferred contributions.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the capital asset is recorded.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Consolidated Statement of Financial Position. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the Consolidated Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

(vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined and goods or services would have otherwise been purchased.

(vii) Revenue from sales of goods and services is recorded in the period that goods are delivered or services are provided.

(b) Full Cost

Capital Health accounts for all costs and revenues related to services carried out for which it is responsible at fair value. Fair value transactions recorded consist of the following:

(i) Revenue earned by contracted health service operators from Alberta Health and Wellness designated fees and charges are recorded as fees and charges of Capital Health. An equivalent amount is recorded as contracted health service operator expense of Capital Health.

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue. An equivalent amount is recorded as program expenses as these payments represent part of the cost of Capital Health's health programs.

(iii) The fair value for use of acute care facilities not owned by Capital Health is recorded as revenue from other government contributions and as program expense, since contract payments from Capital Health do not include an amount for use of these facilities.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

(iv) The fair value for use of non-acute care facilities not owned by Capital Health and provided to Capital Health at zero or nominal rent is recorded as other government contributions and as program expenses.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist Capital Health in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

(c) Change in Accounting Policy

Effective April 1, 2007, Capital Health implemented new financial instrument standards as described in the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, Financial Instruments – Recognition and Measurement; and Section 3861 – Financial Instruments – Disclosure and Presentation. Capital Health does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865, Hedges. Certain transitional adjustments have been recorded in opening net assets as of April 1, 2007 (the transitional date) for the change in accounting for financial assets classified as available-for-sale and measured at fair value, rather than cost, as at the commencement of the current fiscal year.

Financial assets and financial liabilities classified as "held-for-trading" are measured at fair value with changes in those fair values recognized in the Consolidated Statement of Operations. Financial assets classified as "available-for-sale" are measured at fair value with changes in fair values recognized in the Consolidated Statement of Changes in Net Assets until realized, at which time the cumulative changes in fair value are recognized in the Consolidated Statement of Operations. "Loans and receivables" and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

Upon implementation of the new standards, Capital Health has classified its significant financial assets and financial liabilities as follows:

(i) Cash is classified as "held-for-trading". These financial assets are recorded at fair value with changes in fair value recorded through the excess of expense over revenue at each period end.

(ii) Investments are classified as "available-for-sale". These financial assets are measured at fair value with subsequent gains and losses included in net assets until the asset is removed from the consolidated statement of financial position. A transitional adjustment reflecting the unrealized appreciation on investments at April 1, 2007 amounting to $17,178 has been recognized in the consolidated statement of net assets.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Change in Accounting Policy (continued)

(iii) Accounts receivable and loans are classified as "loans and receivables". After initial fair value measurement, they are measured at amortized cost using the effective interest rate method.

(iv) Accounts payable and accruals and life lease deposits are classified as "other financial liabilities". After their initial fair value measurement, they are measured at amortized cost using the effective interest method. A transitional adjustment reflecting the fair value of the Laurier life lease deposits at April 1, 2007 amounting to $1,651 has been recognized in the consolidated statement of net assets.

(d) Employee Future Benefits

(i) Pension Obligation

Capital Health and its eligible employees participate in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for Capital Health's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to this plan for which Capital Health has insufficient information to apply defined benefit plan accounting. Pension expense included in these financial statements comprises the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. Capital Health does not record its portion of the pension plan's deficit or surplus.

Capital Health has a supplementary defined benefit plan for certain management staff. Capital Health's benefit obligations are based on the projected benefit method prorated on services valuation that includes employee service to date and present compensation levels as well as a projection of salaries and service to retirement. No cash payments are made to staff relating to this plan until their retirement. Actuarial gains and losses are recognized as expense on a straight-line basis over the average remaining service period of active employees – 5.10 years (2007 – 5.10 years).

(ii) Other Future Benefits

Capital Health provides its employees with basic life, accidental death and dismemberment, short term disability, long term disability, extended health, dental and vision benefits through benefits carriers. Capital Health's contribution, to the extent that they do not relate to discretionary reserves, are recorded as expense.

Capital Health is obligated to pay out accumulated sick leave credits to certain employees employed prior to April 1, 1975 with five continuous years of permanent service. Those who terminate employment are entitled to collect pay in an amount equivalent to twenty-five percent (25%) of any unexpended sick leave credits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Employee Future Benefits (continued)

(ii) Other Future Benefits (continued)

Capital Health participates in a Supplementary Unemployment Benefit Plan (SUBP). This is a post-delivery disability benefit for female employees who meet certain qualification criteria. Qualifying employees are entitled to a top-up of their Employment Insurance Maternity benefits to a percentage of their regular earnings and to a cost sharing of SUBP premiums during the post-delivery disability period.

Other benefit plans include employee and employer funded healthcare, dental, life insurance and long and short term disability plans.

Capital Health fully accrues its obligations for employee non-pension future benefits.

(e) Investments

Investments are classified as available-for-sale. The investments are carried in the consolidated statement of financial position at fair value with unrealized changes in fair value recognized in the consolidated statement of net assets. Capital Health records these investments on a settlement date basis and transaction costs associated with investment activities are expensed as incurred.

(f) Financial Instruments

Unless otherwise noted, it is management's opinion that Capital Health is not exposed to significant interest, currency or credit risks arising from its financial instruments.

(g) Inventories

Inventories are valued at the lower of cost (defined as moving average cost) and net realizable value.

(h) Capital Assets

Capital assets and construction projects in progress are recorded at cost.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Buildings	2.5% - 5%
Parking lots	5% - 10%
Land improvements	10%
Furniture and equipment	5% - 20%
Equipment under capital lease	5% - 20%
Leasehold improvements	Lease term plus one renewal period

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Capital Assets (continued)

Capital projects in progress are not amortized until the project is substantially complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to Capital Health are accounted for as acquisitions of capital assets financed by long-term obligations.

(i) Asset Retirement Obligation

Capital Health recognizes the fair value of a future asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the assets. Capital Health concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is amortized over the life of the asset. The fair value of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a credit-adjusted risk-free interest rate. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized in income as an operating expense using the interest method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is amortized over the remaining life of the asset.

An asset retirement obligation related to the removal of hazardous material that would be required as part of a capital project is only recognized when there is approval from the Minister of Health and Wellness to proceed with the project.

(j) Trust Funds Received by Capital Health

Capital Health received trust funds from Alberta Health and Wellness that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. In addition, Capital Health administers funds received in trust from Alberta Health and Wellness for specific projects. These amounts are not reflected in the financial statements.

(k) Measurement Uncertainty

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty that affect the reported amounts of assets and liabilities, revenue and expenses at the date of the consolidated financial statements.

Significant estimates include the impact of unsettled labour contracts, employee future benefits, accruals for payroll, capital projects in progress and useful lives of assets. Actual results could differ from these estimates. Changes in estimates are recorded in the accounting period which these changes are determined.

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Note 2 Significant Accounting Policies and Reporting Practices (continued)

(l) Future Changes to Accounting Policies

The Canadian Institute of Chartered Accountants ("CICA") has issued four new standards: CICA Handbook Sections 1535: Capital Disclosures, 3031: Inventories, 3862: Financial Instruments – Disclosures, and 3863: Financial Instruments – Presentation.

Section 1535 requires the disclosure of qualitative and quantitative information that will enable users of financial statements to evaluate an entity's objectives, policies and processes for managing capital. Sections 3862 and 3863 are intended to enhance the ability of users of financial statements to evaluate the significance of financial instruments to an entity, the related exposure to risks, and the management of these risks. These future accounting policy changes will only require additional note disclosure and will not effect the statements of financial position, operations, changes in net assets or cash flows.

Section 3031 prescribes the accounting treatment for inventories and provides guidance on the determination of cost and its subsequent recognition of expense, including any write-down to net realizable value. The new requirements for the determination of cost may require the Authority to include certain additional costs in the measurement of its inventories. The effect of this change is uncertain at this time.

In accordance with the transitional provisions of these new standards, Capital Health will adopt the related changes in its accounting policies effective for the fiscal year commencing April 1, 2008.

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Note 3 Cash and Investments

	2008		2007	
	Cost	Market Value	Cost	Market Value
	(Thousands of dollars)			
Cash	$ 762,079	$ 762,078	$ 549,974	$ 549,974
Money market securities	15,555	15,595	7,903	7,853
Bonds	134,966	137,595	139,296	141,890
Equities	56,032	60,323	50,651	65,285
Total	$ 968,632	$ 975,589	$ 747,824	$ 765,002
Classified as:				
Current		$ 295,868		$ 278,289
Non-current		679,721		469,535
		$ 975,589		$ 747,824

(a) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to the terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established an asset mix policy of 0 % to 100 % for fixed-income instruments and 0 % to 35 % for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(b) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maximizing maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities maturity dates range from March 2008 to June 2039. Bond yields to maturity range from 2.74 % to 7.64 % as at March 31, 2008 (March 31, 2007 – 3.93 % to 5.33 %). The weighted average term to maturity is 9.6 years.

Fixed-income securities, such as bonds, have an average effective yield of 2.90 % per annum based on the market for securities maturing within a year, 3.60 % per annum for securities maturing between 1 and 3 years, 3.70 % per annum for securities maturing between 3 and 5 years, 4.30 % per annum for securities maturing between 5 and 7 years, 4.70 % per annum for securities maturing between 7 and 10 years and 4.50 % per annum for securities maturing over 10 years.

Note 3 Cash and Investments (continued)

(b) (continued)

As at March 31, 2008 the securities have the following term structure based on market.

	2008 %	2007 %
Under 1 Year	-	6.3
1 to 5 years	39.4	31.5
5 to 10 years	30.7	38.6
Over 10 years	29.9	23.6
	100.0	100.0

(c) Equities are comprised of publicly traded equities in Canadian and United States resident corporations.

(d) Capital Health excludes from current cash funds that are subject to restrictions preventing its use for current purposes. Non current cash includes amounts restricted for commitments and other non current liabilities. Capital Health uses the matching concept where current cash is matched to current liabilities and non current cash to non current liabilities.

Non-current cash and investments held relate to the following:

	2008	2007
	(Thousands of dollars)	
Funds committed for long-term care partnership projects (Note 4)	$ 45,134	$ 46,828
Non-current loan - long-term care partnership project (Note 4)	(43,597)	(44,658)
Contributions externally restricted for operating purposes	3,736	3,518
Contributions externally restricted for capital purposes (Note 7)	828,553	609,114
Contributions receivable	(163,563)	(154,274)
Asset retirement obligation	9,456	9,007
	$ 679,721	$ 469,535

Note 4 Long-term Care Partnership Projects

Capital Health uses the Forgivable Mortgage Model for reporting the receipt and advancement of funds for long-term care partnership projects. The Provincial Government supports partnerships between Capital Health and private, public or voluntary organizations by providing a one-time, up-front capital grant to Capital Health. These funds are recorded as deferred contributions – long-term care partnership projects; except for funds used by Capital Care Group Inc. to construct the Strathcona Care Centre and Kipnes Centre for Veterans which are accounted for as deferred capital contributions. Capital Health in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is forgivable over the useful life of the infrastructure. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. Capital Health does not accrue interest on the loan as Capital Health will forgive the balance of the loan following the expiry of the initial thirty years of use and any extension arrangement (not to exceed ten years).

Capital Health amortizes loans - long-term care partnership projects to facility-based continuing care services and recognizes an equal amount of revenue as other government contributions through the amortization of deferred contributions long-term care partnership projects.

a) Loans – Long-term care partnership projects

	2008	2007
	(thousands of dollars)	
Balance at beginning of year	$ 44,658	$ 44,731
Funds advanced for construction of facilities	640	1,280
Amount recognized as facility-based continuing care services expense	(1,701)	(1,353)
Balance at end of year	$ 43,597	$ 44,658

b) Deferred contributions – long-term care partnership projects

	2008	2007
	(thousands of dollars)	
Balance at beginning of year	$ 46,828	$ 48,282
Net interest earned	9	67
Transferred to deferred capital contributions	-	(168)
Amount recognized as other government contribution revenue (Note 13)	(1,701)	(1,353)
Balance at end of year	$ 45,136	$ 46,828

Note 5 Capital Assets

	Cost (thousands of dollars)				
	Opening Balance April, 2007	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2008
Buildings	$ 1,322,360	$ 42,506	$ 24,849		$ 1,389,715
Parking lots	60,764	-	8,784	-	69,548
Land and improvements	24,412	-	5,633	-	30,045
Furniture and equipment	692,392		131,511	(28,306)	695,597
Equipment under capital lease	9,532	-	-	-	9,532
Leasehold improvements	11,325	-	-	-	11,325
Projects in progress [1]	348,229	(42,506)	186,965	-	392,288
Intangible asset - lease	8,552	-	-	-	8,552
	$ 2,897,566	$ -	$ 397,343	$ (28,306)	$ 2,466,623

	Accumulated Amortization (thousands of dollars)					
	Opening Balance April, 2007	Current year amortization	Amortization on Disposals	Closing Balance March 31, 2008	Net Book Value 2008	Net Book Value 2007
Buildings	$ 425,257	$ 32,615	$ -	$ 457,872	$ 791,843	$ 797,103
Parking lots	30,289	2,352	-	32,641	36,907	30,475
Land and improvements	4,892	3	-	4,895	26,010	20,360
Furniture and equipment	448,527	66,291	(17,474)	497,344	198,253	153,865
Equipment under capital lease	9,532	-	-	9,532	-	-
Leasehold improvements	7,376	684	-	8,060	3,265	3,949
Projects in progress [1]	-	-	-	-	392,288	348,229
Intangible asset - lease	5,447	1,351	-	6,798	1,754	3,105
	$ 930,480	$ 103,496	$ (17,474)	$ 1,016,503	$ 1,450,120	$ 1,367,086

[1] Projects in progress include the Royal Alexandra Hospital redevelopment, University of Hospital operating rooms, Alberta Health Institute, other major capital upgrades and information technology projects under development. $9.5 million advanced to the University of Alberta towards the construction of the jointly owned Jubilee parkade. To date, $7.6 million has been spent on this project.

On March 31, 2008 Alberta Infrastructure and Transportation and Caritas Health Group contributed to Capital Health properties with net book values of $7,928 and $79,559 respectively. The net book value is reported under buildings and land and improvements as current year additions.

Note 5 Capital Assets (continued)

(a) Land

Land at the following sites has been leased to Capital Health at nominal values:

Site	Leased From	Lease Period
McConnell Place North	City of Edmonton	Expires 2035
Northeast Community Health Centre	City of Edmonton	Expires 2048

(b) Capital assets have been funded from the following sources:

	2008	2007
	(thousands of dollars)	
Externally funded (unamortized external capital contributions)	$ 1,362,275	$ 1,005,823
Internally funded (investment in capital assets)	174,983	147,918
Financed through:		
Life lease deposits (Note 8)	12,862	13,345
	$ 1,550,120	$ 1,167,086

(c) Asset Retirement Obligation (amounts in thousands of dollars)

Capital Health has recorded a liability for asset retirement obligation of $9,456 (2007 $9,007). The asset retirement obligation represents the legal obligation to remove asbestos from four Capital Health buildings. Amortization of facilities and improvements includes amortization of $2,104 (2007 $2,104) related to asset retirement obligation. Interest of $449 (2007 $427) is recorded on the asset retirement obligation. Revenue equal to the amortization expense is recorded as amortization of external capital contributions. Revenue equal to interest expense is recorded as other government contributions.

Capital Health Board has approved other capital projects for which asset retirement obligations exist. The asset retirement obligation for these projects will be recorded once approval has been received from the Minister of Health and Wellness to proceed with the projects.

Note 6 Deferred Operating Contributions

The balance at the end of the year is restricted for the following purposes:

	2008	2007
	(thousands of dollars)	
Current		
Alberta Health and Wellness	$ 120,568	$ 87,648
Other government contributions	5,469	2,735
Research and education	38,736	43,129
Other contributions	8,663	8,105
	173,436	141,617
Non-current	3,736	3,518
	$ 177,172	$ 145,135

Note 7 Deferred Capital Contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2(a)(2).

	2008	2007
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 445,222	$ 252,426
Interest on externally restricted contributions	963	415
Donations restricted for capital purposes	14,469	13,814
Other	19,042	15,804
	479,696	282,459
Transferred from restricted operating	6,491	-
	486,187	282,459
Transferred from deferred contributions - long term care partnership projects	-	168
Transferred to operating fund for asset retirement obligation	(449)	(427)
Transferred to unamortized external capital contributions	(266,299)	(207,349)
Change during the year	219,439	74,851
Balance at beginning of year	609,114	534,263
Balance at end of year	$ 828,553	$ 609,114

Note 8 Life Lease Deposits

Funding for the Lamier House facilities, a project for long-term care residents, is provided by the tenants with a non-interest bearing repayment deposit, for the right to occupy the unit they are leasing. When the life lease agreement is terminated, which may be by death of the tenant or the tenant moving out, the life lease deposit is returned to the tenant without interest and in accordance with the terms of the Life Lease Agreement. Capital Health has a liability for life lease deposits of $12,862 (2007 $13,345) based on a discharge rate of 25% and a discount rate of 5.5%, representing the bank secured lending rate. The reported liability is based on estimates and assumptions with respect to events extending over a 4 year period using the best information available to management.

Note 9 Internally Restricted Funds for Designated Purposes

Capital Health has internally comprise the following amounts:

	2008	2007
	(thousands of dollars)	
Internally restricted funds:		
Employee benefits rate stabilization reserve	$ 14,020	$ 14,700
Program funds	9,943	11,409
Equipment and informations systems	33,123	35,036
Building funds	-	7,500
	$ 57,086	$ 68,645

Capital Health has made current budget commitments that are to be internally funded in future years as follows:

	(thousands of dollars)
Equipment	$ 50,587
Information systems	151,171
Capital projects	39,147
Edmonton Clinic south parkade	64,700
	305,525
Less: Capital funds held	33,123
Unrestricted (deficiency)	(21,923)
	$ 294,325

Note 10 Commitments and Contingencies

(a) Operating Leases

Capital Health is committed to operating lease payments in future years as follows:

For the year ending March 31	(thousands of dollars)
2009	12,243
2010	13,051
2011	12,641
2012	9,259
2013	6,008
and thereafter	1,931
	$ 55,133

The leases expire at various dates from 2008 to 2021.

(b) Capital Project Commitments

Capital Health has commitments from Alberta Health and Wellness to fund approved capital projects as follows:

	2008 (thousands of dollars)
Approved capital project funds	$ 1,736,063
Funds received to March 31, 2008	(1,052,483)
Capital project commitments	$ 703,580

Capital Health has outstanding commitments for capital equipment purchases of $38,799, commitments for information technology projects of $4,666, and capital project commitments of $757,191.

(c) Contracted Health Services

Capital Health contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region. In addition Capital Health has ongoing contracts for laundry, laboratory, waste management, security and radiology services. Capital Health has contracted for services in the year ending March 31, 2008 similar to those provided by these operators in 2007.

Note 10 Commitments and Contingencies (continued)

(d) Contingencies

Capital Health has been named as a defendant in a legal action in respect of increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of $150 million based on the amount of the increase in accommodation charges levied, which came into effect August 1, 2004. The outcome of the claim is not determinable.

In the ordinary course of operations, various claims and lawsuits are brought against Capital Health. While it is not possible to estimate the ultimate liability with respect to the pending litigation, Capital Health believes there will be no material adverse effect on its financial position.

Note 11 Budget

	Approved Budget[1]	Adjustments[2]	Adjusted Budget
	(thousands of dollars)		
Revenue			
Alberta Health and Wellness contributions	$ 2,427,975	$ 6,535	$ 2,444,510
Other government contributions	44,427	-	44,427
Fees and charges	185,565	-	185,565
Ancillary operations, net	6,302	-	6,302
Research and education	42,467	-	42,467
Investment and other income	102,164	-	102,164
Amortization of external capital contributions	70,500	25,000	95,500
	2,889,400	31,535	2,920,935
Expense			
Facility-based inpatient acute services	806,200	17,100	823,300
Facility-based emergency and outpatient services	345,617	-	345,617
Facility-based continuing care services	270,510	-	270,510
Community based care	113,305	-	113,305
Home care	84,810	-	84,810
Diagnostic and therapeutic services	542,844	11,435	554,279
Promotion, prevention and protection services	73,391	-	73,391
Research and education	107,833	4,000	111,833
Administration	72,192	6,000	78,192
Information technology	56,251	-	56,251
Support services	338,447	(7,000)	331,447
Amortization of facilities and improvements	40,000	-	40,000
	2,889,400	31,535	2,920,935
Excess of revenue over expense	$ -	$ -	$ -

[1] The Capital Health Board approved the budget on May 30, 2007.

[2] Adjustments to budget amounts represent reallocation between categories to more closely reflect classification of revenue and expense in 2008.

Note 12 Alberta Health and Wellness Contributions

	2008	2007
	(thousands of dollars)	
Unrestricted funding	$ 2,294,775	$ 2,156,691
Transfers from deferred operating contributions	150,703	93,710
Alberta Health and Wellness payments to contract operators:		
Legacy Mortgage Assistance Program for nursing home upgrades	675	3,921
	$ 2,446,151	$ 2,254,322

Note 13 Other Government Contributions

	2008	2007
	(thousands of dollars)	
Alberta Infrastructure and Transportation	$ 1,119	$ 1,105
Alberta Mental Health Board	30,655	22,574
School health initiatives	6,438	5,275
Federal government projects	221	286
AADAC smoking cessation	794	235
Fair value of rent loss rent charges for non-acute care facilities used by Capital Health	24	17
Fair value of use of non-owned acute care facilities	11,238	11,365
Amortization of long-term care partnership deferred contribution (Note 4)	1,701	1,353
Other	1,623	1,289
	$ 53,813	$ 43,499

Note 14 Ancillary Operations

	2008 (thousands of dollars)				2007
	Revenue	Direct Expenses	Amortization Expense	Excess of Revenue over Expenses	Excess of Revenue over Expenses
Parking operations	$ 15,006	$ 5,223	$ 2,475	$ 7,308	$ 3,869
Non-patient food services	15,430	14,174	21	1,225	827
Other	18,899	15,763	52	3,084	911
	$ 49,335	$ 35,160	$ 2,548	$ 11,617	$ 5,607

Note 15 Investment and Other Income

	2008	2007
	(thousands of dollars)	
Investment income	$ 28,870	$ 31,138
Other contributions	36,821	38,389
Sales and recoveries	34,497	40,664
	$ 100,188	$ 110,191

Investment income comprises interest, dividends, amortization of discount and premiums and net realized gains and losses on disposal of investments.

Note 16 Related Parties

(a) Provincial Government

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements.

Capital Health is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the Board members. Capital Health is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between Capital Health and the Province are disclosed in the Consolidated Statement of Operations, and Notes 5, 6, 7, and 12 to the consolidated financial statements.

(b) Health Authorities and Other Related Parties

Capital Health shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between Capital Health and other Health Authorities are reported in the consolidated financial statements.

Capital Health had the following transactions with other related parties recorded in the Statement of Financial Position and Statement of Operations at the amounts agreed upon by the parties:

	(In thousands)			
	Receivable from:		Payable to:	
	2008	2007	2008	2007
Ministry of Advanced Education	$ 930	$ 28	$ 6,136	$ 3,339
Other Ministries	473	-	116	116
Health related boards	936	723	25	23
Other health authorities	940	2,201	1,329	384
	$ 3,279	$ 2,952	$ 7,607	$ 3,862

	(In thousands)			
	Revenue		Expenses	
	2008	2007	2008	2007
Ministry of Advanced Education	$ 10,125	$ 280	$ 54,380	$ 50,847
Other Ministries	5,916	213	793	1,305
Health related boards	33,668	24,874	248	127
Other health authorities	13,433	7,910	4,350	1,644
	$ 63,142	$ 33,197	$ 59,770	$ 53,553

Note 16 Related Parties (continued)

(c) Primary Care Networks

Capital Health's 50% interest in the Primary Care Networks are included in the financial statements using the proportionate consolidation method. Assets and liabilities of $16,130 (2007 $11,263) and income and expenses of $10,317 (2007 $4,740) have been included in the consolidated financial statements for 2007/08.

Contributions from Alberta Health and Wellness are as follows:

	2008	2007
	(thousands of dollars)	
Opening balance	$ 11,011	$ 3,382
Contributions from Alberta Health and Wellness	12,370	11,584
Amounts recognized as revenue	(8,197)	(3,955)
Amounts deferred	$ 15,184	$ 11,011

(d) Foundations

The following controlled foundations are not consolidated in these statements:

- Fort Saskatchewan Hospital Foundation
- Alberta Hospital Edmonton and Community Mental Health Foundation

Amounts held by the Foundations are not significant.

Note 16 Related Parties (continued)

(e) Foundations (continued)

Capital Health has an economic interest in the following foundations:

	Contributions Received [1]		Resources Held by Foundations		
			2008		
	2008	2007	Endowments & Externally Restricted	Internally Restricted	Unrestricted
			(thousands of dollars)		
University Hospital Foundation	$ 13,622	$ 11,599	$ 56,821	$ 9,236	$ 14,764
Royal Alexandra Hospital Foundation	2,798	2,771	18,664	1,337	569
Stollery Children's Hospital Foundation	2,818	5,943	5,374	10,334	-
Capital Care Foundation	648	1,105	1,067	279	286
Black Gold Health Foundation	59	16	288	-	43
Glenrose Foundation	255	374	651	1,639	718
Sturgeon Community Hospital Foundation	239	180	835	59	345
Council of Foundations	-	110	-	-	-
Tri Community Health & Wellness Foundation	-	-	28	13	72
Devon Hospital Foundation	105	14	4	-	305
	$ 20,486	$ 22,513	$ 83,732	$ 22,648	$ 17,054

(1) Contributions comprise externally restricted amounts for equipment, programs, research and education.

Note 16 Related Parties (continued)

(e) Foundations (continued)

Amounts related to administrative support provided to foundations and the accounts receivable from (payable to) the foundations at year-end are as follows:

	Administrative Support		Accounts Receivable (Payable)	
	2008	2007	2008	2007
			(thousands of dollars)	
University Hospital Foundation		$ -	$ (370)	$ (222)
Royal Alexandra Hospital Foundation		-	-	-
Stollery Children's Hospital Foundation		-	(67)	(3,119)
Capital Care Foundation	181	183		(165)
Black Gold Health Foundation		5	(7)	(29)
Glenrose Foundation		75	(220)	(30)
Sturgeon Community Hospital Foundation	-	-	(125)	(120)
Council of Foundations	-	-	-	-
Tri Community Health & Wellness Foundation (Stony Plain)	-	-	-	-
Devon Hospital Foundation	-	-	(51)	3
	$ 181	$ 263	$ (840)	$ (3,673)

(f) Other Voluntary Organizations

Capital Health has an economic interest in the following organizations affiliated with the hospitals:

	Contributions Received		Resources Held by Organizations		
			2008		
	2008	2007	Endowments & Externally Restricted	Internally Restricted	Unrestricted
		(thousands of dollars)			
The Friends of University Hospital	$ 151	$ 110	$ -	$ -	$ -
Royal Alexandra Hospital Women's Auxiliary	-	-	-	-	-
Sturgeon Healthcare Auxiliary Volunteer Association	-	-	-	-	-
Glenrose Rehabilitation Hospital Women's Auxiliary	-	-	-	-	-
Stony Plain and District Health Centre Auxiliary	13	12	-	-	-
	$ 164	$ 122	$ -	$ -	$ -

Note 17 Surgical Services Contracts

Capital Health has entered into contracts with accredited surgical facilities pursuant to the *Health Care Protection Act* to provide health services. Information on the facilities, contract values and payments is as follows:

Entity	Service	Term of Contract		Total Value of Contract	Total Expense	
		Start Date	End Date		2008	2007
				(Thousands of dollars)		
Dan Gaut Professional Corporation	Dermatology	1-Apr-07	31-Mar-08	$ 329	$ 233	$ 300
Alberta Eye Institute, Inc.	Ophthalmology	1-Apr-07	31-Mar-08	269	270	275
Alberta Surgical Centre (formerly Canmedion Day Surgery Centre)	Ophthalmology	1-Apr-07	31-Mar-08	89	97	114
David B. Clinenberg Professional Corporation	Ophthalmology	1-Apr-07	31-Mar-08	279	295	296
Global Eye Centre - Edmonton, Inc.	Ophthalmology	1-Apr-07	31-Mar-08	238	230	260
Bayne L.C. Johnson Professional Corporation	Ophthalmology	1-Apr-07	31-Mar-08	306	306	235
Darrell Andrew Paul Ostoos Professional Corporation	Oral Surgery	1-Apr-07	31-Mar-08	94	98	287
E. Christopher Robinson Professional Corporation	Oral Surgery	1-Apr-07	31-Mar-08	44	39	35
E. Wayne Tunis Professional Corporation	Oral Surgery	1-Apr-07	31-Mar-08	62	57	57
Kevin E. Long Professional Corporation	Oral Surgery	1-Apr-07	31-Mar-08	113	104	78
Randall W. Ernst Professional Corporation	Oral Surgery	1-Apr-07	31-Mar-08	46	42	35
Stanislaw Lah	Oral Surgery	1-Apr-07	31-Mar-08	76	64	57
Terence K. Vanlin Professional Corporation	Oral Surgery	1-Apr-07	31-Mar-08	89	85	66
Thomas R. Stevenson Professional Corporation	Oral Surgery	1-Apr-07	31-Mar-08	68	47	66
Walter Dobrowolsky Professional Corporation	Oral Surgery	1-Apr-07	31-Mar-08	113	120	115
Alberta Surgical Centre (formerly Canmedion Day Surgery Centre)	Otolaryngology	1-Apr-07	31-Mar-08	157	122	136
Alberta Surgical Centre (formerly Canmedion Day Surgery Centre)	Plastic Surgery	1-Apr-07	31-Mar-08	22	18	4
Plastic & Cosmetic Laser Surgical Centre	Plastic Surgery	1-Apr-07	31-Mar-08	273	257	344
Repro 91 Limited - Morgentaler Clinic	Reproductive Health	1-Apr-07	31-Mar-08	1,998	1,998	1,950
Women's Health Options	Reproductive Health	1-Mar-08	31-Mar-08	182	200	-
				$ 4,598	$ 4,484	$ 4,611

Note 18 Trust Funds (amounts in thousands of dollars)

Capital Health receives funds in trust from Alberta Health and Wellness for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the consolidated financial statements. During the year Capital Health received $10,085 (2007 $18,878) and disbursed $9,201 (2007 $12,213) for capital and facility repairs for non-owned facilities. The balance of funds held by Capital Health is $1,059 (2007 $6,568).

Capital Health also receives trust funds from Alberta Health and Wellness for certain special programs that are not reported in the consolidated financial statements. The balance of funds held by Capital Health at the end of 2007/08, including interest where applicable, was $1,715 (2007 $3,281).

Note 19 Employee Future Benefits (amounts in thousands of dollars)

(i) Pension Obligation

Capital Health participates in the Local Authorities Pension Plan (LAPP), which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to Capital Health's annual contributions payable. In the current fiscal year employer contribution rates remained at 7.8% for earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 10.6% for earnings above YMPE. The LAPP Board of Trustees cautions that depending on LAPP's return on investments over the next few years and other factors such as interest rates, retirement rates and other demographic cost changes, further rate increases could be necessary. At December 31, 2007 LAPP reported a deficit of $1,183,334 (2007 deficit of $746,651).

Note 19 Employee Future Benefits (amounts in thousands of dollars) (continued)

(ii) Supplementary Retirement Plan

Capital Health has a non-contributory defined benefit supplementary retirement plan for certain management staff. There are no cash payments made to staff relating to this plan until their retirement. The plan is secured by a letter of credit from a financial institution. The plan's assets are held in a trust pursuant to a retirement compensation arrangement (as defined by the Income Tax Act). An actuarial valuation of the accrued benefit obligation is completed at the end of each calendar year. The obligation and pension expense can vary with changes in actuarial assumptions used to estimate the obligation.

	2008	2007
	(thousands of dollars)	
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	$ 5,719	$ 5,022
Current service cost	450	421
Interest cost	343	272
Prior service cost	431	-
Actuarial loss (gain)	305	55
Benefit payments	(127)	(51)
Accrued benefit obligation, end of year	$ 7,121	$ 5,719
Reconciliation of funded status of accrued benefit liability		
Plan deficit	$ (7,017)	$ (5,658)
Unamortized prior service costs	789	551
Plan deficit after unamortized prior service costs	$ (6,228)	$ (5,107)
Current service costs	485	421
Interest cost	343	272
Amortization of prior service costs	193	171
Amortization of net actuarial loss	305	55
Expected return on plan assets	(43)	(34)
	$ 1,291	$ 885

Significant actuarial assumptions are as follows

	2008	2007
Discount rate	5.50%	5.25%
Expected average remaining service life of employees	5.10 years	5.10 years
Salary increase	5.00%	4.00%

The above information is based on an actuarial valuation performed at December 31, 2007.

Plan assets		
Market value of plan assets (held by Canada Revenue Agency)	$ 104	$ 61

Note 19 Employee Future Benefits (continued)

(ii) Supplementary Retirement Plan (continued)

Pension plan expense comprises the following:

	2008	2007
	(thousands of dollars)	
Local Authorities Pension Plan	$ 70,554	$ 59,352
Supplementary defined benefit plan	1,291	885
	$ 71,845	$ 60,237

(iii) Other Future Benefits

Basic life, accidental death and dismemberment, short term disability, long term disability, extended health, dental and vision benefits are fully funded with benefits carriers. Capital Health paid $33,129 (2007 $29,143) and drew down its discretionary reserves by $680 (2007 $4,364 increase in discretionary reserves) resulting in a total expense of $33,809 (2007 $33,694). Discretionary reserves of $14,020 (2007 $14,700) are held by the benefits carriers in interest bearing accounts and are included in other receivables in the Consolidated Statement of Financial Position. There is no actuarial valuation completed; however, the plan funding for expenses and required reserves is based on actual experience.

Accumulated sick leave credits are calculated based on actual entitlements of current employee staff who qualify for this benefit. A liability of $119 (2007 $144) and expense of $25 (2007 $3) is recorded in the consolidated financial statements.

Supplementary unemployment benefit expense is based on actual payments and an accrual for incurred by not reported claims. A liability of $353 (2007 $307) and expense of $1,540 (2007 $1,455) is recorded in the consolidated financial statements.

Note 20 Subsequent Event

On May 15, 2008, the Minister of Health and Wellness issued a Ministerial Order, M.O. #50/2008, to restructure the governance structure of the health services delivery system in Alberta. Accordingly, effective April 1, 2009, the Authority will be disestablished and all the assets, liabilities, rights and obligations of the Authority will become the assets, liabilities, rights and obligations of the Alberta Health Authority.

Note 21 Approval of Financial Statements

These financial statements have been approved by the Capital Health Board.

Schedule 1

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2008
(thousands of dollars)

	2008 Budget	2008 Actual	2007 Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 1,338,075	$ 1,394,968	$ 1,226,367
Contracts with health service operators	768,829	770,304	720,635
Medical, consulting and other professional services	202,232	209,193	188,787
Medical and surgical supplies	115,575	119,212	105,973
Drugs and gases	96,226	86,919	82,687
Contracts under the Health Care Protection Act (Note 17)	5,066	4,684	4,611
Other[1]	268,357	281,904	249,438
Amortization:			
Capital equipment - internally funded	60,000	17,573	29,758
Capital equipment - externally funded	62,500	47,918	30,887
Facilities and improvements - internally funded	7,000	6,081	6,137
Facilities and improvements - externally funded	33,000	31,924	30,917
Loss on disposal of capital assets	-	10,832	6,881
	2,956,860	2,981,512	2,683,078
Less amounts reported in ancillary operations (Note 14)	(35,925)	(37,708)	(36,010)
	$ 2,920,935	$ 2,943,804	$ 2,647,068

[1] Significant amounts under "Other" include

Office, general supplies and miscellaneous	$ 60,088	$ 49,045
Diagnostic and therapeutic supplies	33,723	29,203
Plant operations	29,512	29,629
Contracted services from non-affiliated health service providers	16,123	17,792
Equipment maintenance, rentals, minor renovations	45,582	53,259
Food supplies	24,240	21,091
Transportation	20,696	17,950

Schedule 2

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2008
(thousands of dollars)

	2008								2007	
						Severance[3]				
	Number of FTEs[1]	Base Salary[2]	Other Cash Benefits[3]	Other Non-Cash Benefits[4]	Sub-total	Number of FTEs	Amount	Total	Number of Individuals	Total
Board Compensation										
Chairperson										
Wilkinson, Neil	1	$ -	96	-	$ 96	-	-	$ 96	1	$ 83
Board Members										
Members at March 31, 2008										
Blumenthal, Leonard	1	-	27	-	27	-	-	27	1	23
Burch, Bill	1	-	1	-	1	-	-	1	1	9
Butti, Olivia	1	-	33	-	33	-	-	33	1	28
Crevolin, Pierre	1		13	-	13	-	-	13	1	6
Dennett, Jack	1	-	18	-	18	-	-	18	1	9
Goss, Doug	1	-	5	-	5	-	-	5	1	4
Hartwell, Vernon	1	-	-	-	-	-	-	-	1	1
Kinsella, Wendy	1	-	26	-	26	-	-	26	1	13
Mondor, Al	1	-	16	-	16			16	1	6
Normand, Robert	1	-	6	-	6			6	1	3
Plain, Margaret	1	-	21	-	21	-	-	21	1	19
Ramsey, John C.	-	-	-	-	-	-	-	-	1	14
Sewell, George	1	-	17	-	17	-	-	17	1	9
Wade, Margaret	1	-	18	-	18	-	-	18	1	15
Total honoraria	14	$ -	297	-	$ 297	-	-	$ 297	15	$ 242

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2008
(thousands of dollars)

	2008								2007	
						Severance[3]				
	Number of FTEs[1]	Base Salary[2]	Other Cash Benefits[2]	Other Non-Cash Benefits[4]	Sub-total	Number of FTEs	Amount	Total	Number of Individuals	Total
Staff										
Chief Executive Officer	1.00	$ 518	$ 136	261	$ 915	-	-	$ 915	1.00	$ 880
Management persons reporting to the CEO:										
Senior Vice President Facilities Planning & Construct	-	-	285	-	285	-	-	285	1.00	427
Executive Vice President & Chief Operating Officer - Health Services	1.00	350	64	162	576	-	-	576	1.00	490
Vice President - Academic Affairs	0.25	51	-	-	51	-	-	51	1.00	225
Executive Vice President & Chief Financial Officer	1.00	364	87	237	688	-	-	688	1.00	564
Director - Government Affairs	1.00	136	26	49	211	-	-	211	1.00	188
Vice President - Human Resources	1.00	255	48	108	411	-	-	411	1.00	377
Vice President - Medical Affairs	1.00	335	48	19	402	-	-	402	1.00	338
Senior Vice President - Public Affairs	1.00	200	29	18	247	-	-	247	1.00	225
Executive Director	1.00	154	29	41	224	-	-	224	1.00	217

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2008
(thousands of dollars)

	2008								2007	
						Severance[3]				
	Number of FTEs[1]	Base Salary[2]	Other Cash Benefits[2]	Other Non-Cash Benefits[2]	Sub-total	Number of FTEs	Amount	Total	Number of Individuals	Total
Other management person(s) reporting to those above	1,264	$ 113,341	$ 6,439	$ 20,926	$ 140,706	4	$ 184	$ 140,890	1,026	$ 106,304
Medical doctors not included above	31	6,577	317	584	7,478	-	-	7,478	32	6,420
Regulated nurses not included above										
-RNs, Reg. Psych. Nurses, Grad Nurses	5,484	353,389	90,465	70,149	514,003	1	18	514,021	5,027	461,852
- LPNs	907	38,641	7,334	7,618	53,593	-	-	53,593	817	47,723
Other health technical and professionals	2,834	188,383	20,027	38,909	247,319	-	-	247,319	2,593	219,216
Unregulated health service providers	1,462	47,683	8,068	9,946	65,697	-	-	65,697	1,346	58,147
Other frontline staff	6,718	276,384	28,686	56,441	361,511	11	152	361,663	6,109	322,532
Capital Health Total	18,722.25	$ 1,026,761	$ 162,385	$ 205,468	$ 1,394,614	16	$ 354	$ 1,394,968	16,975	$ 1,226,367

Schedule 2 (continued)

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2008

1. Full time equivalent (FTE) is calculated based on a weighted average number of individuals occupying a category or position for the year based on a standard work year of 2,022.75 hours, except for named individuals.

   Total actual discrete number of individuals employed were 29,927 (2007 28,396)

2. Base salary includes pensionable base pay.

3. Other cash benefits includes premiums, bonuses, overtime, lump sum payments and honoraria.

4. Other non-cash benefits include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation and current and prior service costs of supplementary pension plan per note (6) below.
   The President & CEO and certain other senior executives are also provided with an automobile or equivalent allowance. No dollar amount is included in other non-cash benefits.

5. Severance expenses include amounts paid in lieu of notice and certain other severance related costs.
   Numbers of the staff reported under the severance category are the discrete numbers of people receiving severance.

6. Supplementary Retirement Plan (SRP)
   Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for the rights to future compensation. Cost shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings.

	SUPPLEMENTARY RETIREMENT BENEFITS						
	2008						2007
	Accrued Obligation March 31, 2007	Current Service Cost	Prior Service and Other Costs	Accrued Obligation March 31, 2008	Unamortized Past Year Costs(1)	Liability March 31, 2008	Total
President & Chief Executive Officer	$ 1,615	$ 116	$ 126	$ 1,857	$ 105	$ 1,962	$ 1,745
Senior Vice President Facilities Planning & Construction	796	-	(62)	734	8	742	806
Executive Vice President & Chief Operating Officer - Health Services	332	59	87	478	95	573	450
Executive Vice President & Chief Financial Officer	561	67	151	779	362	1,141	669
Director Government Affairs	52	8	22	82	7	89	61
Vice President - Human Resources	348	33	57	438	118	556	408
Senior Vice President - Public Affairs	-	-		-	-	-	-
Executive Director	124	11	15	150	31	181	162
Other members	1,340	156	318	1,814	63	1,877	1,418
	$ 5,168	$ 450	$ 714	$ 6,332	$ 789	$ 7,121	$ 5,719

(1) This amount has been actuarially determined as an accrued benefit obligation due to unamortized net actuarial losses. This increases the total liability for the pension obligation.

ASPEN REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2008

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries and Benefits

ASPEN REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2008

FINAL AUDITED FINANCIAL STATEMENTS WITH SUBSTANTIVE COMPLETION ON MAY 16, 2008

The accompanying final financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes to review internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

The Authority members carry out their responsibility for the financial statements through the Audit and Risk Management Committee. This Committee will meet with management and the Auditor, PricewaterhouseCoopers LLP, to review financial matters, and recommends the financial statements to the Aspen Regional Health Authority Board for approval upon finalization of the audit. The Auditor has free access to the Audit and Risk Management Committee.

The Auditor, PricewaterhouseCoopers LLP, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and procedures, which allow them to report on the fairness of the financial statements prepared by management.

[Original Signed by Andrew Will]

Andrew Will
President and Chief Executive Officer

[Original Signed by Shelly Pusch]

Shelly Pusch
Vice President Corporate Services

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June 9, 2008

Auditors' Report

To the Members of
Aspen Regional Health Authority and the Minister of Alberta Health and Wellness

We have audited the statement of financial position of Aspen Regional Health Authority (the "Authority") as at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original Signed by PricewaterhouseCoopers]

Chartered Accountants

The official version of this audit report, and information it covers, is in printed form.

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
March 31, 2008
(in thousands)

	2008 Actual	2007 Actual
ASSETS		
Current:		
Cash and investments (Note 3)	43,527	53,039
Accounts receivable	5,674	4,956
Contributions receivable from Alberta Health and Wellness	15,127	5,146
Inventories	1,638	1,662
Prepaid expenses	3,768	1,506
	69,734	66,329
Non-current cash and investments (Note 3)	30,719	20,047
Capital assets (Note 4)	177,890	155,464
Other assets (Note 5)	2,299	2,381
TOTAL ASSETS	$ 279,892	$ 244,221
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	26,069	19,049
Accrued vacation pay	11,804	11,077
Deferred contributions (Note 6)	19,259	13,915
	57,132	44,041
Deferred contributions (Note 6)	2,299	2,381
Deferred capital contributions (Note 7)	29,262	28,757
Unamortized external capital contributions	162,154	142,333
	250,847	217,512
Net assets:		
Accumulated surplus (Note 9)	11,862	13,578
Investment in capital assets (from internally funded sources)	14,896	13,131
Cumulative net unrealized gains on investments	2,197	-
	28,955	26,709
TOTAL LIABILITIES AND NET ASSETS	$ 279,892	$ 244,221

The accompanying notes and schedules are part of these financial statements.

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
March 31, 2008
(in thousands)

	2008 Budget (Note 11)	2008 Actual	2007 Actual
Revenue			
Alberta Health and Wellness contributions (Note 12)	237,029	238,207	234,039
Other government contributions (Note 13)	710	1,199	1,159
Fees and charges	23,514	23,334	22,791
Ancillary operations, net (Note 14)	136	225	240
Donations	200	392	533
Investment and other income (Note 15)	7,452	9,609	7,874
Amortized external capital contributions	8,839	9,134	8,985
TOTAL REVENUE	277,880	282,324	265,839
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	44,362	43,908	38,855
Facility-based emergency and outpatient services	23,494	24,549	22,283
Facility-based continuing care services	32,703	33,563	31,056
Community-based care	17,572	17,086	15,564
Home care	14,981	14,743	13,566
Diagnostic and therapeutic services	52,304	52,117	48,261
Promotion, prevention and protection services	11,966	12,195	11,861
Administration	11,845	12,074	10,729
Information technology	6,463	6,563	6,038
Support services	59,012	60,851	58,380
Amortization of facilities and improvements	5,328	5,426	5,315
TOTAL EXPENSES	279,830	282,275	261,908
(Deficiency) excess of revenue over expenses	$ (1,950)	$ 49	$ 3,842

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
March 31, 2008
(in thousands)

	2008 Accumulated surplus (Note 9)	2008 Investment in capital assets from internally funded sources	2008 Cumulative net unrealized gains/(losses) on investments	2008 Total	2007 Total
Balance at March 31, 2007 (Note 2 (a))	13,578	13,131	-	26,709	22,867
Adjustment due to change in accounting policy	-	-	2,458	2,458	-
Adjusted balance at April 1, 2007	13,578	13,131	2,458	29,159	22,867
Excess of revenue over expenses	49	-	-	49	3,842
Capital assets purchased with internal funds	(3,830)	3,830	-	-	-
Amortization on internally funded capital assets	2,065	(2,065)	-	-	-
Cumulative net unrealized gains/(losses) on investments					
Unrealized gains and losses on available for sale financial assets arising during the year	-	-	(271)	(271)	-
Reclassification adjustments for gains and losses included in excess of revenue over expenses	-	-	10	10	-
Balance at end of year	$ 11,862	$ 14,896	$ 2,197	$28,955	$26,709

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
March 31, 2008
(in thousands)

	2008 Budget	2008 Actual	2007 Actual
Cash generated from (used by):			
Operating activities:			
(Deficiency) excess of revenue over expense	(1,948)	49	3,842
Non-cash transactions:			
Amortization (Schedule 1)	10,340	11,229	10,341
Amortized external capital contributions	(8,875)	(9,170)	(8,439)
Amortization of advances under long term care partnerships	82	82	83
Amortized long term care partnership contributions	(82)	(82)	(83)
Loss on disposal of capital equipment:			
- internally funded	-	6	5
Gain on disposal of investments	-	(438)	(553)
Amortization on investments	-	18	-
Transferred to deferred contributions	-	1,809	731
Changes in non-cash working capital account	-	154	1,372
Cash generated from operations	17	3,648	7,299
Investing activities:			
Purchase of investments	(45,000)	(33,229)	(45,282)
Purchase of capital assets:			
- internally funded equipment	(6,407)	(2,676)	(951)
- internally funded facilities & improvements	(3,081)	(1,156)	(2,364)
- externally funded equipment	(12,781)	(3,368)	(1,871)
- externally funded facilities & improvements	(21,334)	(14,598)	(11,514)
Proceeds on sale of investments	45,000	51,562	44,608
Allocations from (to) non-current cash	-	(6,787)	(2,463)
Cash used by investing activities	(43,533)	(29,650)	(19,837)
Financing activities:			
Capital contributions received	25,358	16,470	18,546
Cash generated from financing activities	25,358	16,470	18,546
(Decrease) increase in cash and investments	(18,158)	(9,532)	5,998
Cash and investments, beginning of year	53,059	53,059	47,061
Cash and investments, end of year	$ 34,901	$ 43,527	$ 53,059

ASPEN REGIONAL HEALTH AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008
(in thousands)

Note 1 Authority, Purpose and Operations

The Aspen Regional Health Authority (the "Authority") was established June 24, 1994 under the Alberta Regional Health Authorities Act. The Authority is a registered charity under the Income Tax Act and exempt from payment of income taxes.

The Authority delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

Athabasca Healthcare Centre	Slave Lake Healthcare Centre
Starland Healthcare Centre	Smoky Lake Continuing Care Centre
Boyle Healthcare Centre	St. Therese - St. Paul Healthcare Centre
Cold Lake Healthcare Centre	Swan Hills Healthcare Centre
Dr W.R. Keir - Starland Continuing Care Centre	Wabasca/Desmarais Healthcare Centre
Edson Healthcare Centre	Westlock Healthcare Centre
Elk Point Healthcare Centre	Westlock Continuing Care Centre
George McDougall - Smoky Lake Healthcare Centre	Whitecourt Healthcare Centre
Hinton Healthcare Centre	William J. Cadzow - Lac La Biche Healthcare Centre
Mayerthorpe Healthcare Centre	Aspen Community Services Sites
Rodney Continuing Care Centre	Aspen Mental Health Sites
Sites - Jasper Healthcare Centre	Aspen Corporate and Administrative Offices

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 16(d).

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 31 issued by Alberta Health and Wellness.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

The authority participates in the Regional Shared Health Information Program (RSHIP), a special purpose, limited liability, not-for-profit company incorporated under the laws of Alberta as disclosed in Note 16(b). The Authority accounts for its 13.33% interest in RSHIP on a proportionate consolidation basis.

These financial statements use the deferral method, key elements of which are:

(i) Unrestricted contributions are recognized as revenue in the year receivable.

(ii) Restricted non-capital contributions are recognized as revenue in the year in which the related expenses are incurred.

(iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.

(iv) Restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.

(v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferral contributions as appropriate, until the asset is removed from the Statement of Financial Position. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

(vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Changes in Accounting Policy

(i) Financial Instruments – recognition and measurement.

On April 1, 2007 the Authority adopted section 3855 of the Canadian institute of Chartered Accountants' ("CICA") Handbook – *Financial Instruments – Recognition and Measurement*. It contains the standards for recognizing and measuring financial instruments in the balance sheet and the standards for reporting gains and losses in the financial statements. Financial assets available for sale, assets and liabilities held for trading and derivative financial instruments, part of hedging relationships or not, have to be measured at fair value.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Changes in Accounting Policy (continued)

The Authority has made the following classifications under the new standard:

- Cash is classified as financial assets held for trading and measured at fair value. Gains and losses related to periodical evaluations are recorded in the statement of operations.
- Accounts receivable and contributions receivable are classified as loans and receivables and are initially measured at fair value and subsequent periodical evaluations are recorded at amortized cost using the effective interest rate method.
- Accounts payable and accrued liabilities are classified as other liabilities and are initially measured at fair value and subsequent periodical evaluations are recorded at amortized cost using the effective interest rate method.
- Non current investments are classified as available for sale and recorded at market value. The gains/losses on fair value are recorded separately in net assets until the asset is derecognized or impaired.

This section was adopted effective April 1, 2007 resulting in an adjustment of $2,450 to net assets on that date.

The Authority does not have any derivative instruments including embedded derivatives. An embedded derivative is a component of a financial instrument or another contract of which the characteristics are similar to a derivative.

(ii) Hedges

Handbook Section 3865, Hedges allows optional treatment providing that hedges be designated as either fair value hedges, cash flow hedges or hedges of a self-sustaining operation. Since the Authority has not entered into any hedge transactions, this section did not have any impact on the Authority's financial statements.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Changes in Accounting Policy (continued)

(iii) Accounting changes

Effective April 1, 2007, The Authority adopted the new Canadian Institute of Chartered Accountants ("CICA") revised Handbook Section 1506, *Accounting Changes*. This new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. These new policies have been applied prospectively; prior period results have not been restated. Certain transitional adjustments have been recorded in opening net assets as of April 1, 2007 (the transitional date) for the change in accounting for financial assets classified as Available for Sale and measured at fair value rather than cost as at the commencement of the current fiscal year.

(c) Full cost

The Authority accounts for all costs of services for which it is responsible. Fair value transactions comprise:

(i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges. An equivalent amount is recorded as contracted health service expense of the Authority.

(ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as these payments represent part of the cost of the Authority's health program costs.

(iii) Fair value to use acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) Fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Full cost (continued)

(v) Other assets, supplies and services that a health authority would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because a fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied where the authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus. The Authority fully accrues its obligations for employee non-pension future benefits.

The Authority provides a defined benefit Supplementary Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

(e) Investments

Investments are classified as Available for Sale, and recorded at market on the Statement of Financial Position.

(f) Financial Instruments

Financial instruments consist of cash, accounts receivable, contributions receivable from Alberta Health and Wellness, accounts payable and accrued liabilities, and accrued vacation pay. The fair value of these financial instruments approximates their carrying value unless otherwise stated.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the moving average method.

(h) Capital Assets

Capital assets and work in progress are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	8-20 years
Buildings	15-45 years
Building equipment	10-20 years
Equipment	3-20 years

Capital assets with unit costs less than five thousand dollars are expensed. Work in progress is not amortized until the project is complete.

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

Note 3 Cash and Investments

	2008	2008	2007	2007
	Fair Market Value	Cost	Fair Market Value	Cost
Cash	51,668	51,668	54,864	54,864
Treasury bills	1,853	1,853	100	100
Money market securities	62	62	391	391
Bonds	13,162	13,084	12,973	12,864
Equities	8,301	6,300	8,074	5,735
Total	$ 74,246	$ 72,867	$ 75,556	$ 73,196
Classified as:				
Current	43,527			53,059
Non current	30,719			20,047
Total cash and investments	$ 74,246			$ 73,106

Note 3 Cash and Investments (continued)

(a) Treasury bills mature between May 15, 2008 and July 10, 2008 and bear interest at an average of 2.43% paid annually.

(b) Money market securities bear interest at 4.20% paid annually.

(c) To optimize returns at an acceptable risk level, management has established a policy asset mix such that no more than 40% of the portfolio will be in equities and of the total equity no more than 5% of the total will be in US equity securities. Risk is reduced through diversification within and among asset classes, and quality constraints on fixed-income and equity instruments.

(d) Fixed-income securities, such as bonds, have an average effective yield of 4.708% per annum based on the market for securities maturing in one to five years, and 5.216% per annum for securities maturing between six and twenty-nine years. As at March 31, 2008, the securities have the following maturity structure:

	%
1 to 5 years	29%
5 to 10 years	57%
Over 10 years	14%

(e) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector distribution.

Non-current cash and investments represent the following:

	2008	2007
Externally restricted for capital acquisitions	9,256	3,900
Internally restricted for capital acquisitions	8,485	8,485
Unrestricted non-current investments	12,978	8,562
	$ 30,719	$ 20,047

Note 4 Capital Assets

Capital Asset	Opening Balance April 1, 2007	Transfers from Work in Progress	Additions	Transfer of Assets	Disposals	Closing Balance March 31, 2008
	Cost					
Land	2,784	-	-	3	-	2,787
Land improvements	5,710	-	-	-		5,710
Buildings	191,609	27,683	-	22,742	-	244,234
Building equipment	11,902	-	105	-	-	12,007
Equipment	71,327	3,260	6,044	1,448	(454)	81,629
Construction in progress	36,185	(30,753)	15,447	-	-	20,881
	$ 321,303	$ -	$ 21,596	$ 24,193	$ (454)	$ 367,238

Capital Asset	Opening Balance April 1, 2007	Current Year Amortization	Transfer of Assets	Amortization on Disposals	Closing Balance March 31, 2008	Net Book Value 2008	Net Book Value 2007
	Accumulated Amortization						
Land	-	-	-	-	-	2,787	2,784
Land improvements	4,449	194	-	-	4,643	1,067	1,261
Buildings	101,726	5,056	11,695	-	118,387	125,837	92,274
Building equipment	10,310	230	-	-	10,540	1,467	1,592
Equipment	49,954	5,749	1,363	(446)	56,618	25,011	21,398
Construction in progress	-	-	-	-	-	20,881	36,185
	$ 166,439	$ 11,229	$ 12,968	$ (446)	$ 190,186	$177,049	$155,464

Capital assets were funded from the following sources:

	2008	2007
Externally funded	162,154	142,333
Internally funded	14,896	13,131
	$177,049	$155,464

(a) Alberta Infrastructure transferred capital assets related to the Bonnyville Healthcare Centre on March 31, 2008. Capital assets were recorded at net book value at the time of the transfer.

Cost	34,193
Amortization	(12,968)
Net book value	$ 11,225

Note 5 Other Assets

	2008	2007
Advances under long-term care partnership agreements	2,381	2,464
Amortized during the year	(82)	(83)
Balance, end of year	$ 2,299	$ 2,381

Funds received from Alberta Infrastructure for the purpose of providing facility based continuing care to the region's residents are recorded as non-current deferred contributions. Advances made to private health service contract operators for the construction of continuing care facilities in the region are recorded as a non-current advance.

The Authority uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds as per Alberta Health and Wellness guidelines for accounting for long-term care partnerships. The provincial government supports partnerships between the Authority and private organizations by providing a one-time, up-front capital grant to the Authority. The Authority in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is forgivable over the useful life of the infrastructure. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. Under the terms of this agreement, the Authority provides the private operator with an amortizable advance secured on the construction costs of the facility. This advance is to be amortized over 40 years, which is equivalent to the term of the partnership agreement plus a renewable option period. The Authority does not accrue interest on the loan as the Authority will forgive the balance of the loan following the expiry of the term of the agreement.

Note 6 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

	2008	2007
Current		
AHW - Continuing Care	801	1,633
AHW - Mental Health Innovation	1,342	1,229
AHW - Specialist On Call	1,629	1,186
AHW - Immunization	504	716
AHW - Scarcity of Systems	336	413
AHW - Telehealth	272	400
AHW - Health Promotion	529	294
AHW - Aboriginal Health Strategies	179	248
AHW - Health Innovation	-	170
AHW - Other	7	75
AHW - Pandemic	1,631	-
AHW - Infrastructure Maintenance	8,214	5,639
Donations	1,122	898
Stroke Strategy	764	887
Mental Health Children's Wait Times	394	-
Alberta Cardiac Access Collaborative	200	-
HCA Upgrade & Training	294	-
Wait Time Project - Hip & Knee Replacement	447	-
Wait Time Project - Back & Spine	119	-
Capacity Building - Colorectal Cancer Screening	300	-
Other	175	107
	19,259	13,915
Non-current		
Alberta Infrastructure - Long term care partnership	2,299	2,381
	2,299	2,381
Total	$ 21,558	$ 16,296

Note 7 Deferred Capital Contributions

The balance at the end of the year is restricted for the following purposes:

	2008	2007
Equipment replacement	-	4,423
Betterment of capital assets	4,340	6,877
New Construction	24,522	17,457
	$ 28,862	$ 28,757

Note 8 Long-Term Employee Benefits

(a) Supplementary Retirement Plan

	2008	2007
Accrued benefit obligation		
Accrued obligation, beginning of year	-	-
Current service cost	40,518	-
Interest cost	2,107	-
Accrued obligation, end of year	$ 42,625	$ -
Reconciliation of funded status of accrued benefit asset / liability		
Funded status of plan (deficit)	-	-
Unamortized actuarial loss (gain)	-	-
Accrued benefit asset (liability)	$ -	$ -
Current service cost	40,518	-
Interest cost	2,107	-
Benefit cost	$ 42,625	$ -
Significant actuarial assumptions are as follows:		
Discount rate	5.2%	0.0%
Expected average remaining service life of employees	13	-
Salary increase	4%	0%

The above information is based on the actuarial valuation performed at March 31, 2008.

(b) Pension Expense

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $8,213 for the year ended March 31, 2008 (2007 - $7,648).

At December 31, 2007, the Local Authorities Pension Plan reported an actuarial deficit of $1,183,334 (2006 - $746,651).

Note 9 Accumulated Surplus

The Authority's accumulated surplus comprises the following:

	2008	2007
Unrestricted net assets	3,377	5,093
Internally restricted net assets		
Future equipment replacement	8,485	8,485
	$ 11,862	$ 13,578

Note 10 Commitments and Contingencies

The Authority has been named as a defendant in various legal actions. The outcome of these actions cannot be estimated at this time. However, management believes the amount of damages, if any, resulting from these claims would not materially affect the financial position of the Authority. In accordance with standard provincial requirements, the Authority maintains adequate liability insurance coverage. Any costs in excess of the Authority's liability insurance on settlement would be recorded as an expense of the period of settlement.

The Authority is committed to operating lease payments in future years as follows:

2009	128
2010	128
2011	124
2012	32
2013	5
	$ 417

The leases expire at various dates from 2010 to 2012.

The Authority contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region (Note 16(d)). The Authority has contracted for services in the year ending March 31, 2008 similar to those provided by these operators in 2007.

Note 11 Budget (un-audited)

	2007/08 Approved Budget (1)
Revenue	
Alberta Health and Wellness contribution	237,029
Other government contributions	710
Fees and charges	23,514
Ancillary operations, net	136
Donations	200
Investment and other income	7,462
Amortized external capital contributions	8,839
TOTAL REVENUE	277,890
Expenses	
Facility-based inpatient acute nursing services	44,262
Facility-based emergency and outpatient services	23,484
Facility-based continuing care services	32,783
Community-based care	17,572
Home care	14,581
Diagnostic and therapeutic services	52,304
Promotion, prevention and protection services	11,984
Administration	11,845
Information technology	6,463
Support services	59,012
Amortization of facilities and improvements	5,228
TOTAL EXPENSES	279,838
Deficiency of revenue over expense	$ (1,948)

(1) The budget was approved by the Board of the Authority on May 24, 2007 and submitted to the Minister of Health and Wellness for approval.

Note 12 Alberta Health and Wellness Contributions

	2008	2007
Unrestricted contributions	225,347	212,497
Transfers from deferred contributions	12,960	10,225
AHAW payments to contract operators		
Legacy Mortgage Assistance Program for nursing home upgrades	-	2,117
	$ 238,307	$ 224,839

Note 13 Other Government Contributions

	2008	2007
Alberta Government		
Fair value of rent less rent charges for non-acute care facilities used by the Authority	1,105	1,097
Transfers from deferred contributions	82	83
Other Alberta Government	12	20
	$ 1,199	$ 1,150

Note 14 Ancillary Operations

	2008				2007
	Revenue	Direct Expenses	Amortization Expense	Excess of Revenue over Expense	Excess of Revenue over Expense
Non-patient food services	1,013	954	26	33	18
Rental operations	386	180	10	196	222
Sale of goods and services	223	223	-	-	-
Total	$ 1,622	$ 1,357	$ 36	$ 229	$ 240

Note 15 Investment and other income

	2008	2007
Investment income	2,524	2,361
Other income	7,085	5,513
	$ 9,609	$ 7,874

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains (losses) on disposal of investments.

Other income comprises recoveries from sources external to the Authority for salary and supplies, WCB compensation, food licensing permits, vaccines, laundry services and other miscellaneous revenues.

Note 16 Related Parties

(a) Province of Alberta and Health Authorities

The Minister of Health and Wellness appoints members of the Authority. The Authority is economically dependent on the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

The Authority had the following transactions with other Health Authorities recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

Affiliate	2008				2007			
	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Calgary	1	39	-	-	84	34	-	-
David Thompson	9	137	205	2,389	4	3	1,388	1,823
East Central	494	-	37	-	442	58	32	-
Capital	488	2,986	15	267	286	2,976	-	988
Peace Country	-	78	-	-	-	154	-	-
Northern Lights	-	-	-	-	-	-	-	-
Alberta Mental Health Board	136	-	34	-	10	-	-	-
Alberta Cancer Board	777	-	80	-	486	-	25	-
Total	$ 1,905	$ 3,375	$ 421	$ 2,396	$ 1,116	$ 3,265	$ 1,199	$ 2,791

Note 16 Related Parties (continued)

(b) Regional Shared Health Information Program (RSHIP)

The seven non-metro health regions have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative. The other partners to the agreement are: Chinook Regional Health Authority, Palliser Health Region, David Thompson Regional Health Authority, East Central Health, Peace Country Health, and Northern Lights Health Region.

	2008	2007
AHW Funding	4,906	7,414
Health Authority contribution	2,233	1,227
Total	$ 7,139	$ 8,641
Reported as follows:		
Expenses	712	-
Capital assets	6,427	8,641
Total	$ 7,139	$ 8,641

(c) Foundations

The Authority has economic interest in the following foundations with one representative on each of their Board of Directors. The foundations raise funds to benefit the Authority and other health related entities and are registered charities under the Income Tax Act. Information on the foundations is as follows:

	Contributions received by Health Authority Year ended March 31,		Resources held by Foundation at March 31, 2008	
	2008	2007	Externally Restricted	Unrestricted
St Paul & District Hospital Foundation	77	9	-	76
Bluesa Health Care Foundation	-	52	76	166
Jasper Health Care Foundation	-	-	150	-
	$ 77	$ 61	$ 226	$ 242

Contributions include externally restricted amounts for equipment, programs, research, and education for specific communities supported by the Foundations.

Note 16 Related Parties (continued)

(d) Contracts with Health Service Providers

The Authority has an economic interest through its contracts with voluntary and private health service providers in the region. Funding was provided as follows:

	2008			2007		
	Affiliated Health Service Providers	Non-Affiliated Health Service Providers	Total	Affiliated Health Service Providers	Non-Affiliated Health Service Providers	Total
Home Region funding	27,680	2,138	29,826	26,350	1,950	28,300
Direct AHW funding	-	-	-	2,116	-	2,116
Fees and charges	5,066	-	5,066	4,928	-	4,928
Full cost adjustments	82	-	82	423	-	423
Total	$ 32,826	$ 2,138	$ 34,794	$ 31,817	$ 1,950	$ 33,767

Note 17 Subsequent Events

On May 15, 2008, the Minister of Health and Wellness issued a Ministerial Order, M.O. #50/2008, to restructure the governance structure of the health services delivery system in Alberta. Accordingly, effective April 1, 2009, the Authority will be disestablished and all the assets, liabilities, rights and obligations of the Authority will become the assets, liabilities, rights and obligations of the Alberta Health Authority.

Note 18 Trust Funds

The Authority receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the statements. During the year the Authority received $0 (2007 - $297) and disbursed $0 (2007 - $31) for capital and facility repairs for non-owned facilities. The balance held by the Authority is $0 (2007 - $266).

Note 19 Comparative Figures

Certain 2007 figures have been reclassified to match their 2008 presentation.

Note 20 Approval of Financial Statements

These financial statements have been approved by the Authority

Schedule 1

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2008
(in thousands)

	Budget	2008	2007
Salaries and Benefits (Schedule 2)	167,868	164,654	152,931
Contracts with health service operators (Note 16)	34,733	34,774	33,767
Drugs and gases	4,340	4,577	4,420
Medical and surgical supplies	5,078	5,703	5,044
Other contracted services	17,852	19,293	17,337
Other *	41,221	43,661	39,588
Amortization:			
Capital equipment - internally funded	1,846	1,940	1,802
Capital equipment - externally funded	3,714	3,789	3,275
Facilities and improvements - internally funded	99	99	100
Facilities and improvements - externally funded	5,161	5,381	5,164
Net (gain) on disposal	-	(23)	(17)
	281,152	283,668	263,411
Less amounts reported in ancillary operations (Note 14)	(1,314)	(1,393)	(1,423)
	$ 279,838	$ 282,275	$ 261,988
* Other			
Utilities	6,292	6,276	5,370
Patient travel	5,393	5,758	5,421
Food	2,544	2,925	2,822
Minor equipment	1,980	3,518	2,334
Equipment maintenance - external	2,286	2,344	2,284
Lab supplies	2,228	2,419	2,164
Other fees	1,317	1,377	1,840
Renovations	3,910	1,716	3,138
Staff travel	1,512	1,835	1,652
Rental/lease of equipment	1,386	1,755	1,441
Building/ground maintenance - external	900	2,144	1,276
Rental/lease of land/building	1,895	1,614	1,662
Miscellaneous	10,888	9,980	8,784
	$ 41,221	$ 43,661	$ 39,588

Schedule 2

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2008
(in thousands)

	2008									2007	
	Number of Individuals Eligible for Benefits	Salaries	Allowances & Benefits	Overtime	Shift Premiums	Other Cash Payments	Subtotal	Severance etc.		Total	Number of Individuals Eligible for Benefits	Total
Authority/Board Compensation												
RHA Chairperson - Robert Jackson	1	-	37	-	37	0	-	37			1	32
RHA Vice-Chairperson - Gary Pollock	1	-	6	-	6	0	-	6			1	7
Allen Bush	1	-	5	-	5	0	-	5			1	6
Bill Bulger	1	-	4	-	4	0	-	4			1	6
Rosie Galvin	1	-	4	-	4	0	-	4			1	7
Rosie May	1	-	6	-	6	0	-	6			1	7
Rob Johnson	1	-	5	-	5	0	-	5			1	9
Judy Kidd	1	-	6	-	6	0	-	6			1	7
Shirley Mahon	1	-	2	-	2	0	-	2			1	5
Ellen McGladdery	1	-	6	-	6	0	-	6			1	7
Andrew Orr	1	-	10	-	10	0	-	10			1	3
John Pilipchuk	1	-	7	-	7	0	-	7			1	7
Gary Rendler	1	-	3	-	3	0	-	3			1	1
Floyd Thompson	1	-	6	-	6	0	-	6			1	10
Marion Wallace	1	-	9	-	9	0	-	9			1	8
Sub-total	15	-	116	-	116	0	-	116			15	112
Staff												
President & Chief Executive Officer	1	249	-	56	305	-	-	305			1	299
Management person(s) reporting to the President & CEO:												
Vice President Health Services	1	139	-	29	168	-	-	168			-	10
Vice President Health Services	-	-	-	-	-	-	-	-			1	193
Vice President Corporate Services	1	139	-	30	169	-	-	169			1	179
Vice President Medical/Legal/Quality	-	6	-	3	9	1	171	180			1	169
Vice President Medical/Legal/Quality	1	132	-	22	153	-	-	153			-	-
Vice President Community Health	1	141	-	24	165	-	-	165			-	-
Vice President Human Resources	1	142	-	22	163	-	-	163			-	-
Executive Director Communications	1	100	-	16	116	-	-	116			-	-
Other management person(s) reporting directly to those above	33	3,251	11	442	3,704	-	-	3,704			28	2,699
Other management	33	3,089	1	439	3,533	1	32	3,705			48	4,446
Regulated nurses not included above												
- RNs, Reps, Nurses, Grad nurses	564	48,366	4,586	8,882	53,964	-	-	53,964			588	47,230
- LPNs	250	9,460	1,088	1,988	12,289	-	-	12,289			280	12,225
Other health, technical and professionals	390	28,575	637	3,388	34,577	-	-	34,577			373	34,468
Unregulated health service providers	331	11,142	981	2,149	14,272	-	-	14,272			342	14,868
Other staff	909	33,125	826	6,576	40,525	-	-	40,525			892	38,986
Total Staff Compensation	3,686	138,790	8,128	24,126	169,975	2	203	169,128			3,648	147,984
Grand Total	3,701	$138,790	$ 8,244	$ 25,326	$169,451	2	$ 203	$169,661			3,663	$152,951

SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2008

1) Full time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 4,072 (2007 - 3,799). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.

2) Base salary includes pensionable base pay.

3) Other cash benefits include overtime, lump sum payments, shift differential, and honoraria.

4) Other non-cash benefits include:
   a) Employer's current and prior service cost of supplementary retirement plans per Note (7) below.
   b) Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.

5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.

6) The Chief Executive Officer and other senior management are provided with an automobile; no dollar amount is included under benefits and allowances.

7) Supplementary Retirement Plan (SRP)

Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings.

SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2008

7) Supplementary Retirement Plan (SRP) (continued)

	2008			2007
	Current Service Cost	Prior Service and Other Costs	Total	Total
President & Chief Executive Officer	27,894	1,453	29,387	-
Vice President Corporate Services	6,877	357	7,234	-
Vice President Health Services	5,787	297	6,084	-
	40,518	2,107	42,625	-

The accrued obligation for each executive under the SRP is outlined in the following table:

	Accrued Obligation March 31, 2007	Change in Accrued Obligation	Accrued Obligation March 31, 2008
President & Chief Executive Officer	-	29,387	29,387
Vice President Corporate Services	-	7,234	7,234
Vice President Health Services	-	6,084	6,084
	-	42,625	42,625

Peace Country Health

Financial Statements
March 31, 2008

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PEACE COUNTRY HEALTH

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

March 31, 2008

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness and, of necessity, include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Audit Committee. This Committee meets with management, the external auditor and the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Peace Country Health Board for approval. The Auditor General of Alberta has full and free access to the Audit Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures which allow him to report on the fairness of the financial statements prepared by management.

[Original Signed by Shawn Terlson]

Shawn Terlson
President and Chief Executive Officer

[Original Signed by Paul Becker]

Paul Becker
Vice President, Finance & Corporate Services

Auditor's Report

To the Board of Directors of Peace Country Health
and the Minister of Health and Wellness

I have audited the statement of financial position of Peace Country Health (the Authority) as at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Original Signed by Fred J. Dunn", FCA
Auditor General

Edmonton, Alberta
June 6, 2008

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

Peace Country Health
Statement of Financial Position
As at March 31, 2008

(in thousands of dollars)

	2008 $	2007 $
Assets		
Current assets		
Cash (Note 4)	19,361	7,138
Accounts receivable	5,781	7,997
Contributions receivable from Alberta Health and Wellness	2,518	10,901
Inventories	1,507	1,400
Prepaid expenses	1,613	872
	30,780	28,308
Non-current cash (Note 4)	11,541	8,582
Non-current receivables (Note 5)	4,305	2,322
Capital assets (Note 6)	216,219	206,462
	262,845	245,674
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	23,886	28,965
Accrued vacation pay	12,163	11,062
Deferred contributions (Note 7)	8,877	6,019
Current portion of long-term debt (Note 9)	348	345
	45,274	46,391
Deferred capital contributions (Note 8)	15,806	10,677
Long-term debt (Note 9)	5,103	5,451
Unamortized external capital contributions	196,443	187,291
	262,626	249,810
Contingencies and commitments (Note 10)		
Net assets		
Accumulated operating deficit (Note 21)	(14,106)	(17,326)
Investment in capital assets from internally funded sources	14,325	13,390
	219	(4,136)
	262,845	245,674

The accompanying notes and schedules are part of these financial statements.

Peace Country Health
Statement of Operations
For the year ended March 31, 2008

(in thousands of dollars)

	2008		2007
	Budget $ (Note 11)	Actual $	Actual $
Revenue			
Alberta Health and Wellness contributions (Note 12)	253,610	250,200	216,322
Other government contributions (Note 13)	860	925	694
Fees and charges	19,100	18,600	19,356
Ancillary operations – net (Note 14)	980	557	727
Donations	440	444	566
Investment and other income (Note 15)	5,130	9,053	7,655
Amortization of external capital contributions	10,500	12,506	10,455
	290,620	292,288	255,775
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	57,790	59,307	56,285
Facility-based emergency and outpatient services	23,130	23,686	22,155
Facility-based continuing care services	24,400	24,399	22,641
Ground ambulance discovery project	12,530	13,436	12,433
Community-based care	13,300	10,554	9,867
Home care	17,500	17,775	15,827
Diagnostic and therapeutic services	47,300	49,780	46,665
Promotion, prevention and protection services	11,960	13,017	11,635
Research and education	10	16	25
Administration	15,480	14,493	13,162
Information technology	5,910	5,274	5,279
Support services	47,360	48,862	45,225
Amortization of facilities and improvements	7,500	8,534	7,420
Reversal of provision (Note 16)	-	(1,200)	-
	284,170	287,933	268,619
Excess (deficiency) of revenue over expenses (Note 21)	6,450	4,355	(12,844)

The accompanying notes and schedules are part of these financial statements.

Peace Country Health
Statement of Changes in Net Assets
For the year ended March 31, 2008

(in thousands of dollars)

	Accumulated operating surplus (deficit) $ (Note 21)	Investment in capital assets from internally funded sources $	2008 Total $	2007 Total $
Balance – Beginning of year	(17,526)	13,390	(4,136)	8,688
Excess (deficiency) of revenue over expenses	4,355	-	4,355	(12,844)
Capital assets purchased with internal funds	(2,010)	2,010	-	-
Amortization of internally funded capital assets	1,226	(1,226)	-	-
Repayment of long-term debt used to fund capital assets	(275)	275	-	-
Reclassify prior year capital addition from internal to externally funded	124	(124)	-	-
Transfer of land	-	-	-	20
Balance – End of year	(14,106)	14,325	219	(4,136)

The accompanying notes and schedules are part of these financial statements.

Peace Country Health
Statement of Cash Flows
For the year ended March 31, 2008

(in thousands of dollars)

	2008 Budget $	2008 Actual $	2007 Actual $
Cash generated from (used by)			
Operating activities			
Excess (deficiency) of revenue over expenses	6,450	4,355	(12,844)
Non-cash transactions			
Amortization of internally funded equipment	1,000	992	884
Amortization of externally funded equipment	3,200	4,188	3,240
Amortization of internally funded facilities and improvements	200	234	205
Amortization of externally funded facilities and improvements	7,300	8,318	7,215
Amortization of external capital contributions	(10,500)	(12,506)	(10,455)
	7,650	5,581	(11,755)
Net change in non-cash working capital items	6,024	8,631	(721)
Cash generated from (used by) operations	13,674	14,212	(12,476)
Investing activities			
Purchase of capital assets			
Internally funded equipment	(9,500)	(1,919)	(2,845)
Externally funded equipment	(5,475)	(7,420)	(10,730)
Internally funded facilities and improvements	-	(91)	(591)
Externally funded facilities and improvements	(18,252)	(14,045)	(7,866)
Funded by long-term debt	-	(14)	(2,121)
Change in non-current cash	8,582	(2,959)	(1,585)
Cash used by investing activities	(24,595)	(26,448)	(25,738)
Financing activities			
Capital contributions received	13,000	26,954	22,084
Change in non-current receivables	2,322	(1,983)	1,097
Capital contributions transferred from deferred contributions	-	150	-
Capital contributions transferred to operations	-	(317)	(135)
Principal payments of long-term debt	(345)	(345)	(343)
Cash generated from financing activities	14,977	24,459	22,713
Increase (decrease) in cash	4,056	12,223	(15,501)
Cash – Beginning of year	7,138	7,138	22,639
Cash – End of year	11,194	19,361	7,138

The accompanying notes and schedules are part of these financial statements.

(in thousands of dollars)

1 Authority, purpose and operations

Peace Country Health (the "Authority"), formerly Mistahia Regional Health Authority, was established on June 24, 1994, under the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000. The Authority is a registered charity and is exempt from payment of income tax under Section 149 of the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

- Beaverlodge Municipal Hospital
- Central Peace Health Complex, Spirit River
- Fairview Health Complex
- Grande Cache Community Health Complex
- Grimshaw/Berwyn Continuing Care Centre
- Fox Creek Healthcare Centre
- High Prairie Health Complex
- JB Wood Continuing Care Centre
- Hythe Continuing Care Centre
- Mackenzie Place Long Term Care Centre, Grande Prairie
- Manning Community Health Centre
- Peace River Community Health Centre
- Queen Elizabeth II Hospital, Grande Prairie
- Sacred Heart Community Health Centre, McLennan
- Valleyview Health Centre
- Worsley Health Centre
- Health Unit Offices in Beaverlodge, Fairview, Fox Creek, Gift Lake, Grande Cache, Grande Prairie, High Prairie, Kinuso, Manning, McLennan, Peace River, Spirit River, Valleyview and Worsley.
- Emergency Medical Services (EMS) Stations in Beaverlodge, Fairview, Fox Creek, Grande Cache, Grande Prairie, High Prairie, Manning, Smoky River, Peace River, Spirit River and Valleyview.

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in note 17.

Peace Country Health
Notes to Financial Statements
March 31, 2008

(in thousands of dollars)

2 Significant accounting policies and reporting practices

a) Basis of presentation

i) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and the reporting requirements of Financial Directive 31 issued by Alberta Health and Wellness. The significant accounting policies used in the preparation of these financial statements, including the accounting recommendations of Alberta Health and Wellness, are summarized below.

ii) The Authority participates in the Regional Shared Health Information Program ("RSHIP"), a special purpose, limited liability, not-for-profit company incorporated under the laws of Alberta. The purpose of RSHIP is to provide and manage a shared information systems infrastructure for the participating Health Authorities. The Authority accounts for its 14.2% interest in RSHIP on a proportionate consolidation basis.

iii) The Authority uses the proportionate consolidation method to account for its 50% interest in each of the three Primary Care Networks ("PCN"):

- Peace River Primary Care Network
- Sexsmith Primary Care Network
- West Peace Primary Care Network

iv) These financial statements use the deferral method, the key elements of which are:

i) Unrestricted contributions are recognized as revenue in the year receivable.

ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year in which related expenses are incurred.

iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested, or externally funded capital assets, are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

iv) Restricted contributions for the purchase of capital assets that will not be amortized are recorded as direct increases to net assets.

(In thousands of dollars)

v) Unrestricted investment income is recognized in the year it is earned.

vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets or is deferred and recognized as revenue in the year the related expenses are incurred.

vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

b) Full cost

The Authority records the fair value of services for which it is responsible. Such fair value transactions include the following:

i) Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

ii) Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations and as program expense, since contract payments from the Authority do not include an amount for the use of these facilities.

iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

v) Other assets, supplies, and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

Peace Country Health
Notes to Financial Statements
March 31, 2008

(In thousands of dollars)

c) Employee future benefits

Local Authorities Pension Plan

The Authority participates in the Local Authorities Pension Plan. The pension plan is a multi-employer defined benefit pension plan that provides a pension for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

Supplemental Retirement Plan

The Authority participates in a Supplemental Retirement Plan ("SRP")for a select group of employees. Benefits are based on 2.00% of the member's highest average earnings over a 60 consecutive month period less the average of the maximum pensionable earnings as determined under the provisions of the Local Authorities Pension Plan over the last 60 consecutive month period multiplied by the member's credited service under the SRP. The plan is unfunded. The Authority accrues its obligation for the SRP as the employee renders the service necessary to earn benefits. Future retirement benefits to participants are based on years of service and earnings at retirement. The cost of these benefits is actuarially determined using the projected unit credit service pro-rated method and management's best estimates regarding economic and demographic assumptions, including a market discount rate. The most recent actuarial valuation of the SRP was performed as at March 31, 2008. Net actuarial gains or losses of the retirement benefit obligation are recognized as realized. Past service costs have been fully amortized in the current year.

d) Inventories

Inventories are valued at the lower of cost, as calculated on a moving average, or net realizable value.

e) Capital assets

Capital assets and capital projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized on a straight-line basis over the estimated useful life of the asset as follows:

Land improvements	10 – 25 years
Buildings	20 – 40 years
Major equipment	5 – 15 years

(in thousands of dollars)

Capital projects in progress (work-in-progress) are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets are accounted for as acquisitions of capital assets financed by long-term obligations.

The Authority is subject to regulations requiring the repair, removal and disposal of asbestos. The obligation, under these regulations meets the definition of a conditional asset retirement obligation. As a result of the longevity of the Authority's facilities, due in part to the Authority's maintenance procedures, and the fact that the Authority does not have plans for major changes that would require the removal of asbestos, the timing of the removal of asbestos in the Authority's facilities is indeterminable as at March 31, 2008. As a result the Authority is currently unable to estimate the fair value of its asbestos removal and disposal obligation. Therefore, expenditures are recorded in accounts as they are incurred.

f) Measurement uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. The amounts recorded for accrued benefit liability for the SRP are based on estimates regarding economic and demographic assumptions including a market discount value. Actual results could differ from these estimates.

g) Fair value of financial instruments

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The carrying amounts of cash, accounts receivable, contributions receivable, accounts payable and accrued liabilities on the statement of financial position approximate fair value because of the short-term maturity of these instruments.

The Authority has certain receivables that are not due within one year. Management has reviewed these items, which are included in non-current receivables (note 5), by reference to their terms and determined that their carrying value is not materially different than fair value.

The carrying value of long-term debt approximates its fair value because the interest rates approximate market values.

(in thousands of dollars)

3 Changes in accounting policies

a) Financial Instruments – recognition and measurement

On April 1, 2007 the Authority adopted section 3855 of the Canadian Institute of Chartered Accountants' ("CICA") Handbook - *Financial Instruments – Recognition and Measurement*. It contains the standards for recognizing and measuring financial instruments in the balance sheet and the standards for reporting gains and losses in the financial statements. Financial assets classified as available for sale, assets and liabilities classified as held for trading and derivative financial instruments that are either part of hedging relationships or not, have to be measured at fair value.

The Authority has made the following classifications under the new standard:

- Cash is classified as financial assets held for trading and measured at fair value. Gains and losses related to periodical evaluations are recorded in the statement of operations.
- Accounts receivable and contributions receivable are classified as loans and receivables and are initially measured at fair value and subsequent periodical revaluations are recorded at amortized cost using the effective interest rate method.
- Accounts payable, accrued liabilities and long-term debt are classified as other liabilities and are initially measured at fair value and subsequent periodical revaluations are recorded at amortized cost using the effective interest rate method.

This section was adopted effective April 1, 2007 and did not result in any significant adjustment to net assets on that date.

The Authority does not have any derivative instruments including embedded derivatives. An embedded derivative is a component of a financial instrument or another contract of which the characteristics are similar to a derivative.

b) Hedges

Handbook Section 3865, *Hedges* allows optional treatment providing that hedges be designated as either fair value hedges, cash flow hedges or hedges of a self-sustaining operation. Since the Authority has not entered into any hedge transactions, this section did not have any impact on the Authority's financial statements.

(in thousands of dollars)

e) Accounting changes

Effective April 1, 2007, the Authority adopted the new Canadian Institute of Chartered Accountants ("CICA") revised Handbook Section 1506, *Accounting Changes*. This new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements.

The adoption of these new standards did not have a significant effect on the Authority's financial statements for the year ended March 31, 2008.

d) Recent accounting pronouncements issued but not yet adopted

Effective April 1, 2008, the Authority will be required to adopt the following new accounting standards issued by the CICA:

Capital disclosures

Section 1535, *Capital Disclosures* establishes disclosure requirements concerning capital such as: qualitative information about the Authority's objectives, policies and processes for managing capital; quantitative data about what the Authority regards as capital; and whether the Authority has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance. This new standard is effective for fiscal years beginning on or after October 1, 2007.

Financial instruments

The new Sections 3862 – *Financial Instruments - Disclosures* and 3863 - *Financial Instruments – Presentation* replace Section 3861 *Financial Instruments – Disclosure and Presentation*. Disclosure requirements are revised and enhanced, while presentation requirements remain essentially unchanged. The new disclosure requirements will expand disclosure about the significance of financial instruments for the Authority's financial position and performance, the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. These new standards are effective for fiscal years beginning on or after October 1, 2007.

(in thousands of dollars)

Inventories

Section 3031, *Inventories* replaces Section 3030, *Inventories*, revising and enhancing the Authority's standards for the measurement and disclosure of inventories. This new standard is effective for fiscal years beginning on or after January 1, 2008.

The Authority has not yet assessed the impact of adopting these new standards on the financial position or reported results.

4 Cash

	2008 $ (in thousands of dollars)	2007 $
Cash	30,902	15,720
Classified as		
Current	19,361	7,138
Non-current	11,541	8,582
	30,902	15,720

Current cash represents amounts held for working capital purposes. Non-current cash represents amounts externally restricted for capital acquisitions.

5 Non-current receivables

	2008 $ (in thousands of dollars)	2007 $
Alberta Health and Wellness	2,912	1,368
Foundations	904	704
Alberta Cancer Board	275	-
Natural Resources Canada	174	250
Non-current portion of receivables from physicians	40	-
	4,305	2,322

The amounts due from Alberta Health and Wellness, Foundations, Alberta Cancer Board, and Natural Resources Canada are for capital acquisitions. The amounts due from physicians are related to loans to physicians for recruitment purposes.

(in thousands of dollars)

6 Capital assets

	Cost			
	Opening balance – April 1, 2007 $	Transfers from work-in-progress $	Additions $	Closing balance – March 31, 2008 $
			(in thousands of dollars)	
Land	2,072	-	-	2,072
Land improvements	9,108	6	640	9,754
Buildings	265,159	6,161	8,771	280,091
Major equipment	79,776	2,538	6,952	89,266
Work-in-progress	24,297	(8,705)	7,126	22,718
	380,412	-	23,489	403,901

	Accumulated amortization		
	Opening balance – April 1, 2007 $	Current year amortization $	Closing balance – March 31, 2008 $
		(in thousands of dollars)	
Land improvements	7,981	178	8,159
Buildings	107,687	8,375	116,062
Major equipment	58,282	5,179	63,461
	173,950	13,732	187,682

	Net book value	
	2008 $	2007 $
	(in thousands of dollars)	
Land	2,072	2,072
Land improvements	1,595	1,127
Buildings	164,029	157,472
Major equipment	25,805	21,494
Work-in-progress	22,718	24,297
	216,219	206,462

(in thousands of dollars)

Included in major equipment is equipment acquired through capital leases at a cost of $168 (2007 – $168) with accumulated amortization of $50 (2007 – $34).

Capital assets have been funded from the following sources:

	2008 $	2007 $
	(in thousands of dollars)	
Externally funded – unamortized external capital contributions	196,443	187,291
Internally funded – investment in capital assets	14,325	13,390
Financed by debt	5,451	5,781
	216,219	206,462

7 Deferred contributions

The balance at the end of year is restricted for the following purposes:

	2008 $	2007 $
	(in thousands of dollars)	
Mental Health Innovation Fund	2,481	2,110
Alberta Stroke Foundation	637	757
Immunization grants	407	489
Donations to support delivery of health services	1,031	635
Telehealth clinical funding	637	598
Continuing care grants	720	536
Health promotion coordination for healthy weights	483	294
Pandemic supplies	1,213	-
Primary Care Networks	262	-
Various other	1,006	600
	8,877	6,019

(in thousands of dollars)

8 Deferred capital contributions

The balance at the end of year is restricted for the following purposes:

	2008	2007
	$	$
	(in thousands of dollars)	
Equipment replacement	2,250	5,498
Improvement of capital assets	4,283	2,406
New construction	9,273	2,773
	15,806	10,677

9 Long-term debt

	2008	2007
	$	$
	(in thousands of dollars)	
Debenture	3,250	3,429
Mortgages payable	2,166	2,298
Obligations under capital leases	35	69
	5,451	5,796
Less: Current portion	348	345
Non-current portion	5,103	5,451

Future payments for the year ended March 31:

	Debenture	Mortgage payable	Obligations under capital lease	Total
	$	$	$	$
			(in thousands of dollars)	
2009	188	127	33	348
2010	196	97	2	295
2011	205	103	-	308
2012	215	109	-	324
2013	225	100	-	325
2014 and thereafter	2,221	1,630	-	3,851
	3,250	2,166	35	5,451

The debenture matures in 2021, has an annual rate of 4.6% and is repayable in blended semi-annual payments of $167,446.

(in thousands of dollars)

The terms of the mortgages payable are as follows:

Mortgage 1 is secured by a demand promissory note in the amount of $2,164, real property with a carrying value of $1,721, assignment of insurance on the property and a general security agreement. It is repayable in blended monthly payments of $15.5, including interest at a rate of 5.97% and matures March 2023.

Mortgage 2 is secured by a demand promissory note in the amount of $350, real property with carrying value of $513, assignment of insurance on the property and a general security agreement. It is repayable in blended monthly payments of $2.5, including interest at a rate of 5.90% and matures December 2023.

Mortgage 3 is secured by a demand promissory note in the amount of $215, by assignment of fire and extended insurance, and a general security agreement covering specific serial numbered goods and specific equipment. It is repayable in blended monthly payments of $4.2, including interest at a rate of 6.22% and matures December 2008.

Capital leases expire on various dates to 2010. The implicit interest rates payable on these leases are 8.11% to 21.64%.

10 Contingencies and commitments

Commitments

a) Contracts

The Authority is committed to several contracts and is required to make the following minimum payments over the next five years:

	Service/ maintenance contracts	Specific program commitments	Equipment leases	Total
	$	$	$	$
			(in thousands of dollars)	
2008/09	1,695	9,308	363	11,366
2009/10	832	6,037	228	7,097
2010/11	750	5,773	124	6,647
2011/12	651	5,717	31	6,399
2012/13	467	5,677	12	6,156
	4,395	32,512	758	37,665

(in thousands of dollars)

In addition to the above, the Authority has entered into an agreement for the purchase of electricity at a rate of 6.74 cents per kilowatt-hour. The agreement expires December 31, 2008.

b) Capital projects

The Authority is contractually committed to costs totalling $3,888 relating to the High Prairie Health Complex.

Contingencies

The Authority has a contingent liability in respect of a claim concerning increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The total amount of the claim is in excess of $150 million based on the amount of the increase in accommodation charges levied. The outcome of the claim is not determinable and no liability is recorded at this time.

(in thousands of dollars)

11 Budget

	Approved budget[1] $	Additional approved budget[1] $	Adjustments[2] $	Reported budget $
			(in thousands of dollars)	
Revenues				
Alberta Health and Wellness contributions	233,050	21,080	(520)	253,610
Other government contributions	700	-	160	860
Fees and charges	19,610	-	(510)	19,100
Ancillary operations – net	990	-	(10)	980
Donations	440	-	-	440
Investment and other income	3,940	-	1,190	5,130
Amortization of external capital contributions	10,500	-	-	10,500
	269,230	21,080	310	290,620
Expenses				
Facility-based inpatient acute nursing care services	58,750	-	(960)	57,790
Facility-based emergency and outpatient services	23,960	-	(830)	23,130
Facility-based continuing care services	23,780	270	350	24,400
Ground ambulance discovery project	12,480	-	50	12,530
Community-based care	13,330	-	(30)	13,300
Home care	17,860	-	(360)	17,500
Diagnostic and therapeutic services	47,940	-	(640)	47,300
Promotion, prevention and protection services	12,830	-	(870)	11,960
Research and education	-	-	10	10
Administration	13,530	80	1,870	15,480
Information technology	5,840	-	70	5,910
Support services	45,710	-	1,650	47,360
Amortization of facilities and improvements	7,500	-	-	7,500
	283,510	350	310	284,170
(Deficiency) excess of revenue over expenses	(14,280)	20,730	-	6,450

[1] The budget was approved by the Authority's Board of Governors on May 1, 2007 and submitted to the Minister of Health and Wellness for approval.

(in thousands of dollars)

[5]Over the course of the fiscal year, the Minister provided additional operational funding as follows:

Additional funding added to the budget:

	$ (in thousands of dollars)
Continuing care – clinical specialists	158
Continuing care – case management	110
Operational funding – Mistahia & Worsley Health Units	82
One-time financial assistance	20,730
	21,080

Additional funding not added to the budget due to timing of the funding announcement:

	$ (in thousands of dollars)
Regional health promotion coordinators for healthy weights	294
Clinical telehealth	218
	512

The additional funding not added to the budget will be deferred and recognized in 2008/09.

[6]Adjustments relate to classification changes to ensure budgeted revenues and expenses conform with actual reporting classifications.

12 Alberta Health and Wellness contributions

	2008 $	2007 $
	(in thousands of dollars)	
Unrestricted contributions	237,482	204,858
Transfers from deferred contributions	12,380	11,324
Transfers from deferred capital contributions	317	140
Write-off of Ambulance Discovery Project receivable	(286)	-
Primary Care Networks	310	-
	250,203	216,322

(in thousands of dollars)

13 Other government contributions

	2008 $	2007 $
	(in thousands of dollars)	
Alberta Government		
Fair value of rent for non-acute care used by the Authority (Department of Health)	864	680
Alberta Alcohol and Drug Abuse Commission	23	14
Alberta Cancer Board	15	-
Other Provincial government	23	-
	925	694

14 Ancillary operations

	Parking operations $	Rental/other operations $	2008 Total $	2007 Total $
			(in thousands of dollars)	
Revenue	389	347	736	951
Expenses	151	28	179	224
Excess of revenue over expenses	238	319	557	727

15 Investment and other income

	2008 $	2007 $
	(in thousands of dollars)	
Unrestricted investment income	406	482
Other income	8,647	7,173
	9,053	7,655

Investment income comprises of interest on bank deposits.

Other income comprises recoveries from sources external to the Authority for materials, supplies and wages.

(in thousands of dollars)

16 Reversal of provision

In 2002/03, the Peace River Regional Health Authority accrued $1.2 million for the removal and demolition of hazardous materials of the former Peace River Hospital. In 2007/08, the Peace River Hospital was demolished with funding support from Alberta Health and Wellness. As a result of the funding support, the provision that was established was no longer required and thus was reversed in 2007/08.

17 Related parties

Province of Alberta and Health Authorities

The Minister of Health and Wellness appoints the board members of the Authority. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

The Authority had the following transactions with other Health Authorities recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties.

	2008				2007			
Authority	Revenue $	Expense $	Receivable $	Payable $	Revenue $	Expense $	Receivable $	Payable $
Chinook	-	-	-	7	-	-	-	-
Palliser	-	-	-	7	-	-	-	-
Calgary	100	38	8	-	-	-	-	-
David Thompson	-	-	-	868	12	-	-	1069
East Central	-	-	-	7	-	-	-	-
Capital	295	126	71	11	4	120	-	9
Aspen	-	3	-	7	225	1	33	-
Northern Lights	-	-	-	7	-	-	-	-
Alberta Mental Health Board	13	11	-	-	7	3	3	-
Alberta Cancer Board	964	1	82	-	615	2	140	1
	1,372	179	161	914	863	126	176	1,079

(in thousands of dollars)

Regional Shared Health Information Program ("RSHIP")

The seven non-metro health regions have entered into an agreement under the name Regional Shared Health Information Program ("RSHIP"), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record ("EHR") initiative. The other partners to the agreement are:

Chinook Regional Health Authority
David Thompson Regional Health Authority
Aspen Health Authority
Palliser Health Region
East Central Health
Northern Lights Health Region

	2008 $	2007 $
	(in thousands of dollars)	
AHW Funding	241	929
Health authority contribution	1,537	2,904
	1,778	3,833

	2008 $	2007 $
	(in thousands of dollars)	
Reported as follows:		
Expenses	800	730
Capital assets	978	3,103
	1,778	3,833

(in thousands of dollars)

Primary Care Networks

The Authority's share of the following Primary Care Networks are included in the financial statements under the proportionate consolidation method.

- Peace River Primary Care Network
- Sexsmith Primary Care Network
- West Peace Primary Care Network

	Authority's 50% share $ (in thousands of dollars)
Contributions from Alberta Health and Wellness	572
Amounts recognized as revenue	(310)
Amounts deferred	262

Foundations

The Authority has an economic interest in the following Foundations. These Foundations raise funds to benefit the Authority and other health related entities and are registered charities under the Income Tax Act:

Berwerlodge Hospital Foundation
Fairview Health Complex Foundation
Grande Cache Hospital Foundation
Grimshaw/Berwyn & District Hospital Foundation
Hythe Nursing Home Foundation
Peace Health Foundation
Queen Elizabeth II Hospital Foundation
Valleyview Health Care Foundation

(in thousands of dollars)

Contracts with Health Service Providers

The Authority has an economic interest through its contracts with voluntary and private health services providers in the region. Funding was provided as follows:

	2008			2007		
	Voluntary Health Service Providers $	Private Health Service Providers $	Total $	Voluntary Health Service Providers $	Private Health Service Providers $	Total $
					(in thousands of dollars)	
Direct Region funding	502	6,519	7,021	508	4,203	4,711
Fees and charges	-	1,447	1,447	-	814	814
	502	7,966	8,468	508	5,017	5,525

18 Trust funds

The Authority holds funds in the amount of $487 (2007 – $401) on behalf of its continuing care clients, the Queen Elizabeth II Hospital Child Care Centre, Cancer Care Clinics, Rural RHA's, and the Sexsmith Primary Care Network. These amounts are not reported in the statements.

19 Employee future benefits

Local Authorities Pension Plan

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contribution payable of $10,312 for the year ended March 31, 2008 (2007 – $9,265).

At December 31, 2007, the Local Authorities Pension Plan reported an actuarial deficiency of $1,183,334 (2007 – $746,651).

Supplemental Retirement Plan

The Authority established a Supplemental Retirement Plan for a select group of employees effective January 4, 2006. The plan is unfunded.

(in thousands of dollars)

Information about the Authority's defined benefit plan is as follows:

	2008	2007
	$	$
	(in thousands of dollars)	
Change in accrued benefit obligation		
Accrued benefit obligation – Beginning of year	396	309
Current service cost	60	96
Interest cost	23	22
Actuarial loss (gain)	102	(31)
Accrued benefit obligation – End of year	581	396
Reconciliation of funded status to accrued benefit liability		
Net accrued benefit obligation	(581)	(396)
Unrecognized actuarial loss (gain)	-	(14)
Unrecognized initial obligation	-	160
Accrued benefit liability	(581)	(250)
Current service cost	60	96
Interest cost	23	22
Prior service cost amortization	160	23
Actuarial (gain) loss amortization	88	2
Net benefit costs	331	143

The significant actuarial assumptions in measuring the Authority's accrued benefit obligation as of March 31, 2008 are as follows:

	2008	2007
Discount rate	5.20%	5.20%
Rate of compensation increase	4.00%	4.00%
Expected average remaining service life of employees	9 years	9 years

20 Comparative figures

Certain 2007 figures have been reclassified and restated to conform to 2008 presentation.

(in thousands of dollars)

21 Operating deficit

Per Alberta Regulation 15/95 of the Regional Health Authorities Act, Regional Health Authorities shall not incur an annual operating deficit. If a Regional Health Authority incurs an annual operating deficit, further action is required depending on the circumstances.

The Authority incurred an operating surplus of $4,355 for the year ended March 31, 2008 decreasing the accumulated deficit to $14,106 (2007 – $17,526). Due to this accumulated deficit position, the Authority is required to submit a plan to the Minister of Health and Wellness by July 31, 2008 on how the accumulated deficit will be eliminated within the next three years. The Authority will work with the Minister of Health and Wellness on developing a deficit elimination plan.

22 Subsequent event

On May 15, 2008, the Minister of Health and Wellness issued Ministerial Order, M.O. 950/2008, to restructure the governance structure of the health services delivery system in Alberta. Accordingly, effective May 15, 2008, the Board of Governors for each of the nine Regional Health Authorities were terminated and replaced with one Board of Governors to govern all nine Regional Health Authorities. Effective April 1, 2009, the Authority will be disestablished and all the assets, liabilities, rights and obligations of the Authority will become the assets, liabilities, rights and obligations of the Alberta Health Authority.

23 Approval of financial statements

These financial statements have been approved by the Authority's Board of Governors.

Peace Country Health

Schedule of Expenses by Object

For the year ended March 31, 2008

Schedule 1

(in thousands of dollars)

	2008		2007
	Budget $ (Note 11)	Actual $	Actual $
Salaries, honoraria, benefits, allowances and severances[1] (schedule 2)	201,040	195,823	181,484
Contracts with health service operators (note 17)	6,580	8,468	5,525
Drugs and gases	4,420	4,991	4,768
Medical and surgical supplies	5,810	6,149	5,896
Other contracted services	18,200	19,508	19,181
Interest on long-term debt	-	288	305
Other[2]	36,420	40,353	40,140
Amortization			
Internally funded equipment	1,000	992	884
Externally funded equipment	3,200	4,188	3,240
Internally funded facilities and improvements	200	234	205
Externally funded facilities and improvements	7,300	8,318	7,215
Reversal of provision (note 16)	-	(1,200)	-
	284,170	288,112	268,843
Less: Amounts reported in ancillary operations (note 14)	-	179	224
	284,170	287,933	268,619

[1]Salaries, honoraria, benefits, allowances and severances include amounts related to operations and capital activities. These amounts are summarized below and disclosed in schedule 2.

	2008		2007
	Budget $ (Note 11)	Actual $	Actual $
Expensed costs	201,040	195,823	181,484
Capitalized costs	-	-	1,248
	201,040	195,823	182,732

Peace Country Health

Schedule of Expenses by Object ...*continued*

For the year ended March 31, 2008

Schedule 1
Page 2

(in thousands of dollars)

	2008		2007
	Budget $ (Note 11)	Actual $	Actual $
[2]Other: Significant amounts include			
Diagnostic and therapeutic supplies	3,220	3,473	3,500
Equipment expenses	6,212	6,500	6,868
Food supplies	2,064	2,422	2,549
Recruitment and relocation	3,964	3,707	4,413
Utilities	5,604	5,496	5,752
Other	15,356	18,755	17,058
	36,420	40,353	40,140

Peace Country Health

Schedule of Honoraria, Benefits, Allowances and Severance

For the year ended March 31, 2008

Schedule 2

(in thousands of dollars)

	2008								2007	
						Severance[3]				
	Number of FTEs[1] #	Base salary[2] $	Other cash benefits[3] $	Other non-cash benefits[4] $	Subtotal $	Number of FTEs[1] #	Amount $	Total $	Number of FTEs[1] #	Total $
Authority/board compensation										
RHA chairperson										
Marvin Moore	1.00	-	47	5	52	-	-	52	1.00	57
RHA Members										
Claudia Buck	1.00	-	13	4	17	-	-	17	1.00	18
Dennis Grant	1.00	-	12	1	13	-	-	13	1.00	16
Delphine Harbourne	1.00	-	15	1	16	-	-	16	1.00	21
Andre Harpe	1.00	-	15	4	19	-	-	19	1.00	29
Milton Hommy	1.00	-	12	3	15	-	-	15	1.00	16
Wayne Jacques	1.00	-	7	3	10	-	-	10	1.00	20
Rose Kasinec	1.00	-	12	2	14	-	-	14	1.00	18
Betty Kruse	1.00	-	17	3	20	-	-	20	1.00	22
Lawrence Meardi	1.00	-	9	3	12	-	-	12	1.00	18
Jean Rycroft	1.00	-	11	3	14	-	-	14	1.00	14
Marie Saville	1.00	-	15	1	16	-	-	16	1.00	17
Brenda Strom	1.00	-	14	4	18	-	-	18	1.00	10
Total honoraria	13.00	-	199	37	236	-	-	236	13.00	276
Staff compensation										
Chief Executive Officer[6]	1.00	230	34	96	360	-	-	360	1.00	343
Medical Officer of Health	1.00	294	-	27	321	-	-	321	1.00	319
Management persons reporting to the CEO[5]										
Vice President Health Services, Urban	1.00	178	18	27	223	-	-	223	1.00	207
Vice President Health Services, Rural	1.00	178	18	27	223	-	-	223	1.00	182
Vice President Medical & Legal Services	1.00	178	18	30	226	-	-	226	1.00	204
Vice President Finance & Corporate Services	0.83	148	15	31	194	-	-	194	-	-
Chief Information Officer	1.00	124	-	24	148	-	-	148	0.38	56
Vice President, Regional Health Services	0.25	37	-	9	46	1	115	161	1.00	168
Organizational Change Consultant	0.38	54	-	7	61	-	-	61	1.00	185
Chief Financial & Information Officer	-	-	-	-	-	-	-	-	0.62	113
Vice President, Medical Affairs[7]	-	-	-	142	142	-	-	142	0.40	569
Other management persons reporting to those above	7.58	966	14	180	1,160	-	-	1,160	41.31	4,942
Other management	110.41	9,965	249	1,695	11,909	5	486	12,395	89.10	9,217
Regulated nurses not included above – RNs	566.67	45,220	5,214	8,994	59,428	-	-	59,428	563.35	56,608
Regulated nurses not included above – LPNs	219.28	11,143	935	2,144	14,222	-	-	14,222	204.27	12,885
Other health technical and professionals	504.35	32,468	3,928	6,341	42,737	-	-	42,737	480.39	39,366
Unregulated health service providers	328.84	12,700	452	2,210	15,362	-	-	15,362	319.95	14,671
Other staff	900.45	38,961	1,204	7,926	48,091	3	133	48,224	808.58	42,421
Total staff compensation	2,645.04	152,844	12,099	29,910	194,853	9	734	195,587	2,515.35	182,456
Total	2,658.04	152,844	12,298	29,947	195,089	9	734	195,823	2,528.35	182,732

(in thousands of dollars)

[1] Full-time equivalent (FTE) for all staff is 2,022.75 hours. The total discrete number of individuals employed is 4,127 (2007 – 3,842). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.

[2] Base salary includes pensionable base pay.

[3] Other cash benefits include bonuses, overtime, lump sum payments and honoraria.

[4] Other non-cash benefits include

[a] Employers' current and prior service cost of supplementary retirement plans per note 9 below; and

[b] Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, Canada Pension Plan, employment insurance, Workers Compensation and tuition.

[5] Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits, and allowances.

[6] The Chief Executive Officer is provided with an automobile allowance. The amount of the allowance is included under other cash benefits.

[7] Vice President, Medical Affairs severed employment with Peace Country Health October 30, 2006 however SRP benefit still outstanding.

[8] Restructure of the Senior Management level of the organization occurred in 2007/08 reducing the number of Vice-Presidents from seven (7) to four (4). Responsibility for the portfolios of the three (3) deleted positions was distributed to the remaining four (4) positions. Due to this considerable change in organizational structure, a comparison of the current structure to the previous structure on a position by position basis would not be appropriate.

[9] Supplemental Retirement Plan ("SRP")

Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings.

(in thousands of dollars)

Current service cost is the actuarial present value of the retirement benefit earned in the fiscal year. Other costs include amortization of initial obligation and interest accruing on the actuarial liability.

			2008	2007
	Current service cost $	Other costs $	Total $	Total $
Expensed to operations				
Chief Executive Officer	25	28	53	20
Retired members				
Vice President, Medical Affairs	-	142	142	63
	25	170	195	83
Expensed to capital				
Senior Project Manager	35	101	136	60
	60	271	331	143

The accrued benefit obligation for pension benefits earned in the SRP is outlined in the following table:

	Accrued benefit obligation – March 31, 2007 $	Change in accrued benefit obligation $	Accrued benefit obligation – March 31, 2008 $
Senior Project Manager	199	49	248
Chief Executive Officer	25	48	73
Retired member			
Vice President, Medical Affairs	172	88	260
	396	185	581

NORTHERN LIGHTS HEALTH REGION

FINANCIAL STATEMENTS

MARCH 31, 2008

Statement of Management Responsibility

Auditors Report

Statement of Financial Position

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Statement of Changes in Net Assets

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NORTHERN LIGHTS HEALTH REGION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2008

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes to review internal controls. This system offers management reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Authority has established a code of ethics and corporate directives, which include communication of the code to employees.

The Authority carries out its responsibility for the financial statements through the Audit Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Northern Lights Health Region Board for approval. The external auditor has free access to the Audit Committee.

The external auditor, the Auditor General of Alberta provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow them to report on the fairness of the financial statements prepared by management.

[Original Signed by Bernie Blais]

Chief Executive Officer

Bernie Blais
Chief Executive Officer

[Original Signed by Gill Danby]

Chief Financial Officer

Gill Danby
Chief Financial Officer

Auditor's Report

To the Board of Directors of the Northern Lights Health Region
and the Minister of Health and Wellness

I have audited the statement of financial position of Northern Lights Health Region (the Region) as at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Original Signed by Fred J. Dunn", FCA
Auditor General

Edmonton, Alberta
May 15, 2008

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF FINANCIAL POSITION
March 31, 2008
(In thousands)

	2008 Actual	2007 Actual
ASSETS		
Current:		
Cash and investments (Note 3)	34,550	4,320
Accounts receivable	8,226	4,587
Contributions receivable from Alberta Health and Wellness	1,747	1,615
Inventories	997	878
Prepaid expenses	634	684
	46,154	12,084
Non-current cash and investments (Note 3)	39,160	4,787
Capital assets (Note 4)	85,900	81,086
Other assets	68	3,376
TOTAL ASSETS	$171,282	$101,333
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	14,617	10,932
Accrued vacation pay	3,534	3,196
Deferred contributions (Note 5)	6,851	5,033
Bank Loan		120
	25,022	19,281
Deferred contributions (Note 5)	4	4
Deferred capital contributions (Note 6)	39,224	8,159
Unamortized external capital contributions	78,240	76,238
	142,490	103,682
Net assets:		
Accumulated surplus/(deficit)	21,129	(7,197)
Investment in capital assets from internally funded sources	7,680	4,848
Cumulative net unrealized gains/(losses) on investments	3	-
Operating net assets	28,792	(2,349)
TOTAL LIABILITIES AND NET ASSETS	$171,282	$101,333

The accompanying notes and schedules are part of these financial statements.

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF OPERATIONS
March 31, 2008
(in thousands)

	2008		2007
	Budget (Note 9)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 10)	142,440	143,111	87,965
Other government contributions (Note 11)	2,000	2,521	1,504
Fees and charges	9,392	9,495	8,065
Ancillary operations, net (Note 12)	(536)	(631)	(88)
Donations	495	802	399
Investment and other income (Note 13)	4,000	2,666	2,279
Amortized external capital contributions	6,990	6,441	5,863
TOTAL REVENUE	164,781	164,405	105,987
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	39,179	31,076	25,692
Facility-based emergency and outpatient services	14,267	11,330	8,815
Facility-based continuing care services	6,530	5,801	4,816
Ground Ambulance Discovery Project	-	-	29
Community-based care	5,976	4,820	2,947
Home care	6,105	3,555	3,210
Diagnostic and therapeutic services	25,013	21,648	18,103
Promotion, prevention and protection services	10,988	8,723	7,278
Administration	14,390	13,077	10,637
Information technology	6,320	6,049	4,057
Support services	26,026	23,253	18,488
Amortization of facilities and improvements	4,379	3,935	3,684
TOTAL EXPENSES	159,173	133,267	107,756
Excess (deficiency) of revenue over expense	$ 5,608	$ 31,138	$ (1,769)

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF CHANGES IN NET ASSETS
March 31, 2008
(in thousands)

	2008				2007
	Accumulated surplus/(deficit)	Investment in capital assets from internally funded sources	Cumulative net unrealized gains/(losses) on investments*	Total	Total
Balance at March 31, 2007	$ (7,197)	$ 4,848	$ -	$ (2,349)	$ (580)
Excess (deficiency) of revenue over expense	31,138	-	-	31,138	(1,769)
Capital assets purchased with internal funds	(3,666)	3,666	-	-	-
Amortization of internally funded capital assets	854	(854)	-	-	-
Cumulative net unrealized gains/(losses) on investments					
Unrealized gains and losses on available for sale of financial assets arising during the year			3	3	-
Balance at end of year	$ 21,129	$ 7,660	$ 3	$ 28,792	$ (2,349)

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF CASH FLOWS
March 31, 2008
(in thousands)

	2008 Budget	2008 Actual	2007 Actual
Cash generated from (used in):			
Operating activities:			
Excess (deficiency) of revenue over expenses	$ 5,608	$ 31,138	$ (1,769)
Non-cash transaction:			
Amortization (Schedule 1)	8,179	7,322	4,351
Amortized external capital contributions	(6,990)	(4,468)	(5,880)
Changes in non-cash working capital account	(447)	2,022	1,880
Cash generated from (used by) operations	6,350	34,014	782
Investing activities:			
Purchase of capital assets:			
internally funded - equipment	(1,731)	(1,192)	(983)
internally funded - facility and improvements	(2,667)	(2,474)	(673)
externally funded - equipment	(5,180)	(3,787)	(3,534)
externally funded - facility and improvements	(3,050)	(2,685)	(1,083)
Allocations to (from) non-current cash	2,287	(34,373)	(3,634)
Allocation to long term receivable	876	3,307	1,953
Increase (decrease) in long term portion of deferred non-capital contributions	(4)	3	-
Cash used by investing activities	(9,469)	(43,199)	(7,954)
Financing activities:			
Capital contributions received	5,051	39,535	6,278
Principal payments on bank loan	(120)	(120)	(120)
Cash generated from financing activities	4,931	39,415	6,158
Increase (decrease) in cash and investments	1,812	30,230	(1,014)
Cash and investments, beginning of year	4,320	4,320	5,334
Cash and investments, end of year	$ 6,132	$ 34,550	$ 4,320

NORTHERN LIGHTS HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008
(in thousands)

Note 1 **Authority, Purpose and Operations**

The Health Authority (the "Authority") was established June 24, 1994 under the Alberta Regional Health Authorities Act. The Authority is a registered charity under the Income Tax Act and exempt from payment of income tax.

The Authority delivers appropriate, accessible and affordable health services in Alberta, operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

Northern Lights Regional Health Centre
Northern Lights Public Health (Ft. McMurray)
Northwest Health Centre
St. Theresa General Hospital
Rainbow Lake Health Centre
La Crete Health Centre
Paddle Prairie Health Centre
Ft. Vermilion Health Centre
Zama City Nursing Station
La Crete Continuing Care Centre

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 14.

Note 2 **Significant Accounting Policies and Reporting Practices**

(a) Basis of Presentation

(1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 31.

(2) These financial statements were prepared on a consolidated basis and include the following:

Wood Buffalo Primary Care Network
Northwest Primary Care Network

(i) The Authority uses the proportionate consolidation method to account for its 50 % interest in each of the listed Primary Care Networks.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

(3) These financial statements use the deferral method, key elements of which are:

(i) Unrestricted contributions are recognized as revenue in the year receivable.

(ii) Restricted non-capital contributions are recognized as revenue in the year in which the related expenses are incurred.

(iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.

(iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.

(v) Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the Statement of Operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

(vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Change in Accounting Policy

Effective April 1, 2007, the Authority implemented new financial instrument standards in accordance with CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement; Section 3861 – Financial Instruments – Disclosure and Presentation. Under the new standards, financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Change in Accounting Policy (continued)

The Board classified its financial instruments as follows:

Instrument	Designation
Cash and Investments (cash and cash equivalents, money market securities, debt securities & equity securities)	Available-for-sale
Accounts Receivable	Loans and Receivables
Contributions Receivable	Loans and Receivables
Accounts Payable and Accrued Liabilities	Other Liabilities
Accrued Vacation Pay	Other Liabilities

Financial assets classified as "available-for-sale" are re-measured at fair value each period. Changes in fair value are reported as a component of net assets until the financial asset is disposed of or becomes impaired, at which time the cumulative gain or loss is recognized in the excess (deficiency) of revenues over expenses.

Financial assets and financial liabilities classified as "loans and receivables" and "other liabilities" are subsequently measured at amortized cost.

These new policies have been applied prospectively; prior period results have not been restated. No transitional adjustments are required to be reported in opening net assets for the change in accounting policy as of April 1, 2007.

(c) Full cost

The Authority accounts for all costs of services for which it is responsible. Fair value transactions comprise:

(i) Revenue that contracted health service operators earn from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges and as the Authority's contracted health service expense.

(ii) Alberta Health and Wellness direct payments to contracted health service operators are recorded as revenue and as program expense as they represent part of the Authority's health program costs.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Full cost (continued)

(iii) Fair value to use acute care facilities not owned by the Authority is recorded as other government contributions or donations, and as program expense, since the Authority's contract payments do not include amounts for use of these facilities.

(iv) Fair value to use non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(v) Other assets, supplies and services a health authority would otherwise purchase are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers' contributed services are not reported because a fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied where the authority has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plan's deficit or surplus.
The Authority fully accrues its obligations for employee non-pension future benefits.

The Authority provides a defined benefit Supplementary Retirement Plan to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. The authority's policy is for the plan to be fully funded based on the annual plan valuation. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

(e) Investments

Investments are classified as available for sale, and recorded at fair market value on the Statement of Financial Position.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Inventories

Inventories are valued at the lower of cost or net realizable value.

(g) Capital Assets

Capital assets and work in progress are recorded at cost and amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land improvements	20 years
Building service equipment	20 years
Vehicles and equipment	5-20 years

Capital assets with unit costs less than five thousand dollars are expensed. Work in progress is not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

(h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Useful life of capital equipment, salary and vacation pay liabilities and the accrued benefit asset of the Supplementary Retirement Pension are subject to measurement uncertainty. Actual results could differ from estimated amounts and may be material.

Note 3 Cash and Investments

	2008		2007	
	Fair Market Value	Cost	Fair Market Value	Cost
Cash	$ 57,915	$ 57,915	$ 8,654	$ 8,654
Guaranteed Investment Certificates	152	152	453	453
Bankers Acceptance	15,643	15,640	-	-
Total	$ 73,710	$ 73,707	$ 9,107	$ 9,107
Classified as:				
Current	$ 34,550	$ 34,547	$ 4,320	$ 4,320
Non current	39,160	39,160	4,787	4,787
Total cash and investments	$ 73,710	$ 73,707	$9,107	$ 9,107

(i) Guaranteed Investment Certificates maturing on September 3, 2009 are guaranteed by the Canada Deposit Insurance Corporation and bear interest at 4.14% paid annually.

(ii) To optimize returns at an acceptable risk level, management has established a policy asset mix of 100% for fixed-income instruments and 0% for equities. Risk is reduced through diversification.

(iii) Fixed-income securities, such as bonds, have an effective yield of 4.15% per year, and 4.14% per annum for securities maturing between 2008 and 2009 years. As at March 31, 2008, the securities have the following maturity structure: 1 to 2 years - 4.14%

Non-current cash and investments represent the following:

	2008	2007
Externally restricted for capital acquisitions	$ 39,224	$ 8,139
Less: Capital contributions receivable	(68)	(3,376)
Externally restricted for specialized training	4	4
	$ 39,160	$ 4,787

Note 4 Capital Assets

Cost

Capital Asset	Opening Balance April 1, 2007	Additions	Disposals	Closing Balance March 31, 2008
Land	$ 900	$ 200	$ -	1,100
Site Improvements	$ 5,116	$ -	$ -	5,116
Buildings	$ 93,973	$ 3,073	$ -	97,046
Building Service Equipment	$ 20,982	$ 20	$ -	21,002
Equipment	$ 32,817	$ 6,979	$ (93)	39,703
Construction in Progress	$ 2,258	$ 1,864		4,122
	$ 156,046	$ 12,136	$ (93)	$ 168,089

Accumulated Amortization

Opening Balance April 1, 2007	Current year amortization	Amortization on disposals	Closing Balance March 31, 2008	Net Book Value 2008	Net Book Value 2007
$ -	$ -	$ -	$ -	$ 1,100	$ 900
4,117	122	-	4,239	$ 877	$ 999
39,105	3,060	-	42,165	$ 54,881	$ 54,868
11,295	820	-	12,115	$ 8,887	$ 9,687
20,443	3,320	(93)	23,670	$ 16,033	$ 12,374
-		-	-	$ 4,122	$ 2,258
$ 74,960	$ 7,322	$ (93)	$ 82,189	$ 85,900	$ 81,086

Capital assets were funded from the following sources:

	2008	2007
Externally funded (unamortized external capital contributions)	$ 78,240	$ 76,238
Internally funded (invested in capital assets)	7,660	4,848
	$ 85,900	$ 81,086

Note 5 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

	2008	2007
Current		
Restricted Specialist On Call	$ 774	$ 452
Restricted Continuing Care Initiatives	560	410
Restricted MHIF ACT Program	371	329
Restricted Healthy Weights Initiatives	397	294
Restricted Innovation Immunization Fund	241	272
Restricted Telehealth	76	229
Restricted MHIF Mental Wellness/ Addictions Training	196	222
Restricted Ground Ambulance	116	137
Restricted Alberta Telestroke Program	104	120
Restricted Young Family Wellness	49	93
Restricted Telehome Care	79	79
Restricted EHR Client Registry Transition Support	6	75
Restricted Rainbow Lake Clinical Telehealth	43	58
Restricted Nurse Health	233	58
Pandemic Supplies	645	-
Restricted Alberta Health - Other	160	129
Children's Mental Health	61	66
Alberta Stroke Strategy	992	885
AB Telehealth Initiative	120	-
Cardiac Access - Wait Time Management	136	-
Drinking Water Systems	62	-
HCA - In Service Training	28	-
Colorectal Cancer Screening	259	-
Hip & Knee Replacement	105	-
Back & Spine Care	119	-
Woman Wellness	64	11
Wood Buffalo Primary Care Network	649	1,008
Restricted - Other	206	106
	$ 6,851	$ 5,033
Non-current	4	4
Total	$ 6,855	$ 5,037

Note 6 Deferred Capital Contributions

The balance at the end of the year is restricted for the following purposes:

	2008	2007
Equipment replacement	$ 65	$ 65
Improvement of capital assets	13,180	8,094
New construction	25,979	
	$ 39,224	$ 8,159

Note 7 Long-Term Employee Benefits

(a) Supplementary Retirement Plan

	2008	2007
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	$ 399	$ 292
Current service cost	62	49
Interest cost	24	19
Actuarial loss (gain)	48	39
Benefit payments	(6)	
Accrued obligation, end of year	$ 527	$ 399
Reconciliation of funded status of accrued benefit asset / liability		
Funded status of plan (deficit)	(65)	(35)
Unrecognized actuarial loss	126	79
Unrecognized initial obligation	161	178
Accrued benefit asset (liability)	$ 222	$ 222
Current service cost	62	49
Interest cost	24	19
Actual return on assets	(6)	(9)
Amortization of prior service costs	18	17
Actuarial loss (gain) in year	48	39
Difference between expected and actual return on assets	(5)	1
Difference between recognized and actual actuarial loss (gain)in year	(42)	(35)
Benefit cost	$ 99	$ 81
Plan Assets (held by trustee)		
Employer contribution		
Fair value of assets @ March 31	230	185
Plan Assets (held by Canada Revenue Agency)		
Employer contributions paid as refundable taxes	232	179
Total plan assets	$ 462	$ 364
Funded status of the plan	$ (65)	$ (35)
Significant actuarial assumptions are as follows (note - displays all significant assumptions):		
Discount rate	5.20%	5.20%
Expected average remaining service life of employees	12 years	12 years
Salary increase	3.50%	3.50%

The above information is based on the actuarial valuation performed as at March 31, 2008

Note 7 Long-Term Employee Benefits (continued)

(b) Pension Expense

	2008	2007
Local Authorities Pension Plan	$ 3,300	$ 3,112
Defined contribution pension plan	134	148
Supplemental Executive Pension Plan	63	81
	$ 3,496	$ 3,341

At December 31, 2007, the Local Authorities Pension Plan reported a deficiency of $1,183,334 (2006 $746,651).

Note 8 Commitments and Contingencies

a) Commitments

The Authority is committed under contracts for service contracts and leases for the following payments:

Year	Amount
2009	$ 1,028
2010	954
2011	738
2012	648
2013	605
	$ 3,973

Note 9 Budget

	2007/2008 Board Approved Budget (1)	Adjustments	2007/2008 Reported Budget
Revenue			
Alberta Health and Wellness contributions	$ 143,440	$ -	$ 143,440
Other government contributions	2,000	-	2,000
Fees and charges	9,392	-	9,392
Ancillary operations, net	(336)	-	(336)
Donations	495	-	495
Investment and other income	4,000	-	4,000
Amortized external capital contributions	6,990	-	6,990
TOTAL REVENUE	164,781	-	164,781
Expenses			
Facility-based inpatient acute nursing services	39,179	-	39,179
Facility-based emergency and outpatient services	14,267	-	14,267
Facility-based continuing care services	6,530	-	6,530
Community-based care	5,976	-	5,976
Home care	6,105	-	6,105
Diagnostic and therapeutic services	25,013	-	25,013
Promotion, prevention and protection services	10,988	-	10,988
Administration	14,390	-	14,390
Information technology	6,320	-	6,320
Support services	26,026	-	26,026
Amortization of facilities and improvements	4,379	-	4,379
TOTAL EXPENSES	159,173	-	159,173
Excess (deficiency) of revenue over expense	$ 5,608	$ -	$ 5,608

(1) The budget was approved by the Board of the Authority on May 26th, 2007, and submitted to the Minister of Health and Wellness.

Note 10 Alberta Health and Wellness Contributions

	2008	2007
Unrestricted contributions	$ 139,451	$ 84,870
Transfers from deferred contributions	3,660	3,095
	$ 143,111	$ 87,965

Note 11 Other Government Contributions

	2008	2007
Alberta Government		
Transfers from deferred contributions	$ 1,173	$ 131
Other Government	1,348	1,373
	$ 2,521	$ 1,504

Note 12 Ancillary Operations

	2008				2007
	Revenue	Direct Expenses	Amortization Expense	Excess of Revenue over Expense	Excess of Revenue over Expense
Parking operations	279	4	-	275	279
Non-patient food services	367	365	-	2	36
Sale of goods and services	208	229	-	(21)	(6)
Rental operations	161	548	40	(427)	(182)
Amortization of unused capital contributions	27	-	27	-	-
Other	4	464	-	(460)	(315)
Total	$ 1,046	$ 1,610	$ 67	$ (631)	$ (88)

Note 13 Investment and other income

	2008	2007
Investment income	$ 1,083	$ 331
Transferred from Deferred Revenue	92	169
Other income		
Immunization Recoveries	106	132
Other Recoveries	1,405	1,656
	$ 2,686	$ 2,279

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains on disposal of investments.

Note 14 Related Parties

(a) Province of Alberta and Health Authorities

The Minister of Health and Wellness appoints members of the Authority. The Authority is economically dependent on the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

The Authority had the following transactions with other Health Authorities recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

	2008				2007			
Authority	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Capital Health	$ 53	$ 66	$ 61	$ 5	$ 3	$ 15		
Alberta Mental Health Board	11	9		3	10	1		1
Alberta Cancer Board	178		20		142		7	
DTHR	28	20	1,088	286		16	22	
Peace Country		20					1	
Chinook		3						
Calgary Health		3		119				
Health Quality Council		3						
Total	$ 270	$ 123	$ 1,169	$ 343	$ 155	$ 32	$ 30	$ 1

Note 14 Related Parties (continued)

(b) Regional Shared Health Information Program (RSHIP)

The seven non-metro health regions:

David Thompson Health Region	Chinook Health Region
Peace Country Health Region	East Central Health Region
Aspen Health Region	Palliser Health Region
Northern Lights Health Region	

have entered into an agreement under the name Regional Shared Health Information Program (RSHIP), to develop and implement a common, integrated health information system. This standard system will integrate with Alberta's Provincial Electronic Health Record (EHR) initiative.

	2008	2007
AHW Funding	$ 473	$ 453
Health Authority contribution	538	622
Total	$ 1,011	$ 1,075
Reported as follows:		
Expenses	$ 1,011	$ 348
Capital assets	-	727
Total	$ 1,011	$ 1,075

(c) Primary Care Networks

The health authority's share of the Wood Buffalo & Northwest Primary Care Network are included in the financial statements under the proportionate consolidation method.

	Health Authority's 30 % share	
	2008	2007
Opening Balance	$ 644	$ -
Contributions from AHW	900	713
Amounts recognized as revenue	(895)	(69)
Amounts Deferred	$ 649	644

Note 14 Related Parties (continued)

(d) Foundations

The following controlled foundations are not consolidated in these statements:

Northern Lights Regional Health Foundation – The Authority significantly influences the Northern Lights Regional Health Foundation through its representation on the Board of Directors.

	2008	2007
Assets	$ 3,746	$ 4,611
Liabilities	1,576	2,931
Net assets	$ 2,170	$ 1,680
Revenue	$ 3,059	$ 2,947
Expenses	4,569	2,563
Excess of revenue over expense	$ 490	$ 384

Northwest Health Foundation – The Authority significantly influences the Northwest Health Foundation through its representation on the Board of Directors.

	2008	2007
Assets	$ 22	$ 19
Liabilities	1	-
Net assets	$ 21	$ 18
Revenue	$ 28	$ 1
Expenses	25	-
Excess of revenue over expenses	$ 3	$ 1

	Contributions received by Health Authority Year ended March 31		Amount held by Foundation At March 31, 2008	
	2008	2007	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	$ 3,705	$ 1,956	$ 732	$ 2,169
Northwest Health Foundation	-	-	1	21
Net assets	$ 3,705	$ 1,956	$ 733	$ 2,190

Resources of the Northern Lights Regional Health Foundation amounting to $714 have been restricted for the exclusive use within the Regional Municipality of Wood Buffalo.

Note 14 Related Parties (continued)

(c) **Contracts with Health Service Providers**

The Authority has an economic interest through its contracts with voluntary and private health service providers in the region. Funding was provided as follows:

	2008			2007		
	Voluntary Health Service Providers	Private Health Service Providers	Total	Voluntary Health Service Providers	Private Health Service Providers	Total
Direct Region funding		$ 7,627	$ 7,627		$ 7,289	$ 7,289
Direct AHW funding		58	58		175	175
Fees and charges			-			-
Full cost adjustments			-			-
Total	$ -	$ 7,685	$ 7,685	$ -	$ 7,464	$ 7,464

Note 15 Subsequent Events

On May 15, 2008, the Minister of Health and Wellness issued a Ministerial Order, M.O. #50/2008, to restructure the governance structure of the health services delivery system in Alberta. Accordingly, effective April 1, 2009, the Authority will be disestablished and all the assets, liabilities, rights and obligations of the Authority will become the assets, liabilities, rights and obligations of the Alberta Health Authority.

Note 16 Trust Funds

The Authority receives funds in trust from Continuing Care residents for Continuing Care accommodation fees and incidental costs. These amounts are not reported in the statements. At March 31, 2008, the balance of funds held by the Authority is $81.

Note 17 Comparative Figures

Certain 2008 figures have been reclassified to match their 2007 presentation.

Note 18 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF EXPENSES BY OBJECT
March 31, 2008
(In thousands)

	Budget	2008	2007
Salaries and Benefits (Schedule 2)	104,684	82,420	65,418
Contracts with health service providers (Note 14)	9,079	7,685	7,464
Drugs and gases	1,697	1,670	1,538
Medical and surgical supplies	2,831	3,095	3,312
Other contracted services	9,318	11,933	7,621
Other *	25,265	21,019	18,019
Amortization:			
Capital equipment - internally funded	800	707	597
Capital equipment - externally funded	3,000	2,614	2,201
Facilities and improvements - internally funded	389	147	74
Facilities and improvements - externally funded	3,990	3,854	3,679
	161,053	135,144	108,913
Less amounts reported in ancillary operations (Note 12)	(1,880)	(1,877)	(1,157)
	$ 159,173	$ 133,267	$ 107,756

* Other include:			
1. Utilities	$ 2,378	$ 2,404	$ 2,088
2. Equipment/Software Maintenance	2,680	1,628	1,451
3. Recruitment/Relocation/Retention of Staff Physicians	2,650	1,901	2,899
4. Travel	1,441	1,744	1,189
5. Minor Equipment	897	1,916	1,646
6. Food Supplies	841	970	833
7. Education	1,200	1,131	795
8. Maintenance - Buildings and Grounds	2,500	2,543	2,958
9. General Office Supplies	3,500	3,214	2,223
10. Other	7,178	3,568	1,743
	$ 25,265	$ 21,019	$ 18,019

Schedule 2

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF SALARIES AND BENEFITS
March 31, 2008
(in thousands)

	2008								2007	
						Severance (5)				
	Number of FTEs (1)	Base Salary (2)	Other Cash Benefits (3)	Other Non-Cash Benefits (4)	Sub Total	Number of FTEs	Amount	Total	Number of FTEs (1)	Total
Authority/Board Compensation										
RHA Chairperson Fitzner, Jeff	1.0	-	68	-	68	-	-	68	1.0	88
Amason, Ron	1.0	-	22	-	22	-	-	22	1.0	23
Axford, Eric	1.0	-	10	-	10	-	-	10	1.0	4
Boyer, Mary	-	-	-	-	-	-	-	-	1.0	11
Chonkolay, Cary	1.0	-	3	-	3	-	-	3	1.0	13
Elias, Jake	1.0	-	9	-	9	-	-	9	1.0	5
Hawryluk, Peter	-	-	-	-	-	-	-	-	1.0	7
Kennedy, Sylvia	1.0	-	18	-	18	-	-	18	1.0	21
Macdonald, Cathy	-	-	-	-	-	-	-	-	1.0	7
Macdonald, Margaret	1.0	-	3	-	3	-	-	3	1.0	8
McAteer, Noreen	1.0	-	11	-	11	-	-	11	1.0	4
McWilliams, Paul	1.0	-	17	-	17	-	-	17	1.0	2
Neufeld, William	-	-	-	-	-	-	-	-	1.0	4
Shinkman, Sharon	1.0	-	11	-	11	-	-	11	1.0	5
Sister, Diane	1.0	-	16	-	16	-	-	16	1.0	14
Winkel, Gord	1.0	-	17	-	17	-	-	17	1.0	6
Sub-total	12.0	-	205	-	205	-	-	205	16.0	222
Staff										
Chief Executive Officer	1.0	297	-	83	380	-	-	380	1.1	478
Medical Officer(s) or other mgt reporting to Chairperson or HA										
Vice President Medical Services*	0.5	222	-	-	222	-	-	222	-	-
Medical Officer of Health*	0.5	241	-	-	241	-	-	241	-	-
Management reporting to CEO (by position)										
Chief Operating Officer	1.0	250	-	35	285	-	-	285	-	-
VP Corporate Services	0.9	169	-	24	193	-	-	193	0.8	155
VP Human Resources	0.8	145	-	15	160	-	-	160	-	-
Chief Integration/Liason Officer	0.8	144	-	14	158	-	-	158	0.4	70
Director, Communications	1.0	135	-	11	146	-	-	146	1.2	129
Director, Foundation	1.0	160	-	18	178	-	-	178	1.0	120
Other management reporting directly to those above	6.7	1,038	9	108	1,155	3	448	1,603	8.4	1,533
Other management	53.6	5,811	78	809	6,698	-	-	6,698	39.2	4,571
Medical doctors not included above										
Regulated nurses not included above*										
- RNs, Reg. Psych. nurses, Grad nurses	243.4	19,667	2,479	3,350	25,496	1	15	25,511	239.5	21,730
- LPNs	66.9	3,672	305	591	4,568	-	-	4,568	63.8	3,701
Other health technical & professionals	108.1	9,567	988	1,585	12,140	1	14	12,154	100.9	9,251
Unregulated health service providers	118.6	5,529	204	916	6,649	1	11	6,660	114.8	5,182
Other staff	350.7	19,121	895	3,042	23,058	-	-	23,058	327.3	18,276
Total Staff Compensation	955.5	66,168	4,958	10,601	81,727	6	488	82,215	898.4	65,196
Grand Total	967.5	$ 66,168	$ 5,163	$ 10,601	$ 81,932	6	$ 488	$ 82,420	914.4	$ 65,418

Schedule 2 (continued)

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF SALARIES AND BENEFITS
March 31, 2008

(1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 1345 (2007 - 1249). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.

(2) Base salary includes pensionable base pay.

(3) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.

(4) Other non-cash benefits include:

a. Employer's current and prior service cost of supplementary retirement plans per note (7) below.
b. Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition(listing should be comprehensive) and:
c. Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships (listing should be comprehensive):

(5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.

(6) Automobile provided. No dollar amount included in other non-cash benefits.

(7) Supplementary Retirement Plan (SRP)

Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings.

NORTHERN LIGHTS HEALTH REGION
SUPPLEMENTARY RETIREMENT BENEFITS
March 31, 2008

	2008			2007
	Current Service Cost	Prior Service and Other Costs	Total	Total
Chief Executive Officer	$ 39	$ -	$ 39	$ 59
Chief Operating Officer	5	2	7	4
Vice President of Corporate Services	7	-	7	-
Vice President of Human Resources	3	-	3	-
Chief Integration Officer	1	-	1	-
Terminated Members	4	35	39	13
Other Managers reporting to those above	4	-	4	5
	62	37	99	81

The accrued obligation for each executive under the SRP is outlined in the following table:

	Accrued obligation March 31, 2007	Change in accrued obligation	Accrued obligation March 31, 2008
Chief Executive Officer	$ 44	$ 48	$ 92
Chief Operating Officer	29	46	75
Vice President of Corporate Services	-	7	7
Vice President of Human Resources	-	4	4
Chief Integration Officer	1	3	4
Terminated Members	304	31	335
Other Managers reporting to those above	1	9	10
	399	128	527

ALBERTA MENTAL HEALTH BOARD

FINANCIAL STATEMENTS

MARCH 31, 2008

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ALBERTA MENTAL HEALTH BOARD

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2008

The accompanying financial statements are the responsibility of management and have been approved by the Alberta Mental Health Board ("the Board"). The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Board has also established a code of conduct that applies to all employees.

The Board carries out its responsibility for the financial statements through the Audit Committee. This Committee meets with management and the Auditor General to review financial matters, and recommends the financial statements to the Board for approval. The Auditor General has full and free access to the Audit Committee.

The Auditor General provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allows him to report on the fairness of the financial statements prepared by management.

[Original Signed by Ray Block, PhD, CGA]

Ray Block, PhD, CGA
President & Chief Executive Officer

[Original Signed by Steven Ritz, C.A.]

Steven Ritz, C.A.
Director, Administrative Services

Auditor's Report

To the Board of Directors of the Alberta Mental Health Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Mental Health Board (the Board) as at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Original Signed by Fred J. Dunn", FCA
Auditor General

Edmonton, Alberta
May 16, 2008

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF FINANCIAL POSITION
March 31, 2008
(thousands of dollars)

	2008	2007
ASSETS		
Current:		
Cash and investments (Note 4)	$ 14,259	$ 8,536
Accounts receivable	3,374	3,191
Contributions receivable from Alberta Health and Wellness	71,010	12,436
Inventories	157	86
Prepaid expenses	1,013	1,342
	89,813	25,591
Non-current cash and investments (Note 4)	27,089	13,647
Capital assets (Note 5)	878	832
Other assets (Note 6)	1,476	-
TOTAL ASSETS	$ 119,256	$ 40,070
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 4,194	$ 2,772
Accrued vacation pay	288	290
Deferred contributions (Note 7)	17,061	11,165
	21,543	14,227
Deferred contributions (Note 7)	83,735	13,785
Long-term employee benefit (Note 8)	14	-
Unamortized external capital contributions	3	18
	105,295	28,030
Commitments (Note 9)		
Net assets:		
Unrestricted (Note 10)	2,781	1,481
Internally restricted (Note 10)	9,925	9,745
Accumulated surplus	12,706	11,226
Investment in capital assets from internally funded sources	875	814
Accumulated net unrealized gains/(losses) on available-for-sale financial assets	380	-
	13,961	12,040
TOTAL LIABILITIES AND NET ASSETS	$ 119,256	$ 40,070

The accompanying notes and schedules are part of these financial statements.

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF OPERATIONS
March 31, 2008
(thousands of dollars)

	2008		2007
	Budget (Note 11)	Actual	Actual
Revenues			
Alberta Health and Wellness contributions (Note 12)	$ 69,529	$ 62,066	$ 46,507
Other government contributions (Note 13)	225	211	119
Donations	35	27	38
Investment and other income (Note 14)	1,690	1,248	1,056
Amortized external capital contributions	15	15	23
TOTAL REVENUES	71,494	63,567	47,743
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	17,581	16,296	15,337
Facility-based emergency and outpatient services	7,371	6,883	7,249
Community-based care	5,982	5,708	4,675
Diagnostic and therapeutic services	10,752	9,506	6,997
Promotion, prevention and protection services	14,669	6,922	3,946
Research and education	2,168	1,617	1,546
Administration (Note 15)	6,262	5,866	4,686
Information technology	917	698	697
Support services (Note 16)	8,408	8,530	2,622
TOTAL EXPENSES	74,110	62,026	47,755
(Deficiency) excess of revenues over expenses	$ (2,616)	$ 1,541	$ (12)

The accompanying notes and schedules are part of these financial statements.

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2008
(thousands of dollars)

	2008				2007
	Accumulated Surplus (Note 10)	Investment in capital assets from internally funded sources	Accumulated net unrealized gains/(losses) on available-for-sale financial assets	Total	Total
Balance at beginning of year	$ 11,226	$ 814	-	$12,040	$12,052
Adjustment due to change in accounting policy (Note 2)	-	-	77	77	-
Restated balance at beginning of year	11,226	814	77	12,117	12,052
Excess (deficiency) of revenues over expenses	1,541	-	-	1,541	(12)
Capital assets purchased with internal funds	(284)	284	-	-	-
Amortization on internally funded capital assets	223	(223)	-	-	-
Net unrealized gains on available-for-sale financial assets arising during the period	-	-	312	312	-
Reclassification adjustment for net gains included in excess of revenues over expenses	-	-	(9)	(9)	-
Balance at end of year	$ 12,706	$ 875	$ 380	$13,961	$12,040

The accompanying notes and schedules are part of these financial statements.

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF CASH FLOWS
MARCH 31, 2008
(thousands of dollars)

	2008	2007
Cash and investments generated from (used by):		
Operating activities:		
Excess (deficiency) of revenues over expenses	$ 1,541	$ (12)
Non-cash transactions:		
Amortization of capital equipment - internally funded (Schedule 1)	223	85
- externally funded (Schedule 1)	15	23
Amortized external capital contributions	(15)	(23)
Amortization of premium on non-current investments	-	15
(Gain) loss on disposal of non-current investments	(10)	9
Interest accrued on non-current investments	(769)	(110)
Change in non-cash working capital accounts	(57,079)	(12,528)
Change in other assets	(1,476)	-
Change in deferred contributions	75,846	21,678
Change in long-term employee benefit	14	-
	18,290	9,137
Investing activities:		
Purchase of non-current investments	(12,998)	(14,936)
Purchase of capital equipment - internally funded	(284)	(768)
Proceeds on sale of non-current investments	1,473	1,312
Proceeds on sale of capital equipment	-	43
Interest received on non-current investments	727	63
Allocations from (to) non-current cash and investments	(1,485)	12,300
	(12,567)	(1,986)
Increase in cash and investments	5,723	7,151
Cash and investments, beginning of year	8,536	1,385
Cash and investments, end of year	$ 14,259	$ 8,536

The accompanying notes and schedules are part of these financial statements.

ALBERTA MENTAL HEALTH BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

Note 1 **Alberta Mental Health Board, Purpose and Operations**

The Alberta Mental Health Board ("the Board") is a provincial health board established on April 1, 1999 by *Alberta Regulation 84/99* (AR84/99). The Board is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Board receives its mandate from and reports to the Minister of Alberta Health and Wellness. In its role of advancing mental health for Alberta, the Board is involved in numerous initiatives, including advocacy, policy advice, working with the regional health authorities ("RHAs") and stakeholders in the implementation of the Provincial Mental Health Plan, and collaborating with inter-provincial, national and international partners.

In fulfilling its mandate, the Board advances a significant portion of its budget to RHAs and other contract service operators. During fiscal 2008, such transactions represented 81% of total expenses (2007 – 79%). Details are presented in Schedule 3.

Note 2 **Change in Accounting Policy**

Effective April 1, 2007, the Board adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, Financial Instruments – Recognition and Measurement, and Section 3861, Financial Instruments – Disclosure and Presentation. The adoption of these new financial instrument standards resulted in changes in the accounting for financial instruments as well as recognition of certain transition adjustments that have been recorded as described below. The Board has implemented these standards prospectively; comparative figures for prior periods have not been restated.

Under the new standards, financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition. The Board classified its financial instruments as follows:

Instrument	Designation
Cash and investments (cash and cash equivalents, money market securities, debt securities & equity securities)	Available-for-sale
Accounts Receivable	Loans and Receivables
Contributions Receivable	Loans and Receivables
Accounts Payable and Accrued Liabilities	Other Liabilities
Accrued Vacation Pay	Other Liabilities

Note 2 Change in Accounting Policy (continued)

Financial assets classified as "available-for-sale" are remeasured at fair value each period. Changes in fair value are reported as a component of net assets until the financial asset is disposed of or becomes impaired, at which time the cumulative gain or loss is recognized in the excess (deficiency) of revenues over expenses.

Financial assets and financial liabilities classified as "loans and receivables" and "other liabilities" are subsequently measured at amortized cost. This is consistent with the treatment under the prior accounting standards.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. All transactions costs are expensed as incurred.

The trade date is the date that an entity commits to purchase or sell an asset. The settlement date is the date that an asset is delivered to or by an entity. Where the trade date and settlement date differ for a financial asset, settlement-date accounting is applied. Any change in the fair value of the asset between the trade date and settlement date is accounted for in the same way as the acquired asset.

In accordance with the prescribed transitional provisions of the new financial instrument standards, the Board recorded the following adjustments as of April 1, 2007: i) the recognized value of current cash and investments was decreased by $2,000 from $8,536,000 to $8,534,000; ii) the recognized value of non-current cash and investments was increased by $79,000 from $13,647,000 to $13,726,000; and iii) the accumulated net unrealized gain of $77,000 was recognized as an adjustment to the opening net assets balance.

Note 3 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health & Wellness' Financial Directive 31. Following are the significant accounting policies:

(a) Revenue Recognition

These financial statements are prepared using the deferral method, of which the key elements are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred, subject to the terms and conditions of the contribution.

(iii) Investment income includes dividend and interest income, and realized investment gains and losses. Unrealized gains and losses on available- for-sale financial assets are included directly in net assets or deferred contributions as appropriate, until the asset is removed from the Statement of Financial Position. Restricted investment income is deferred and recognized as revenue in the year proportional to the related expenses incurred. Other unrestricted investment income is recognized as revenue when earned.

(vi) Donations and contributions in kind are recorded at fair value when such value can be reasonably determined.

(b) Employee Future Benefits

(i) The Board participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Board's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Board has insufficient information to apply defined benefit plan accounting.

Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Board does not record its portion of the plan's deficit or surplus.

(ii) Effective November 1, 2007, the Board provides a defined benefit Supplementary Retirement Plan to a senior executive. The cost of this benefit is actuarially determined on an annual basis as at December 31st using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the employee. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include

Note 3 Significant Accounting Policies and Reporting Practices (continued)

amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

(iii) The Board fully accrues its obligations for employee non-pension future benefits.

(c) Investments

Current investments include marketable securities with original maturities of less than one year. Non-current investments include bonds and equities. All investments are classified as available-for-sale and measured as disclosed in note 2. The fair value of an investment on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, fair value is determined by using the valuation techniques which refer to observable market data using the specific identification method. The fair value of investments is disclosed in note 4.

The Board assesses declines in the value of non-current investments to determine whether the decline is other-than-temporary. If assessed as such, the cumulative loss recorded in net assets is recognized in the excess (deficiency) of revenues over expenses.

Discounts or premiums arising on purchase of bonds are amortized using the effective interest rate method. On disposal of an investment, the cumulative gain or loss recorded in net assets is recognized in the excess (deficiency) of revenues over expenses.

(d) Other Financial Instruments

Cash, receivables and payables are classified and measured as disclosed in note 2. The carrying value of cash, accounts receivable, contributions receivable from Alberta Health and Wellness, accounts payable and accrued liabilities, and accrued vacation pay approximates fair value because of the short-term maturity of these items.

The Board does not have any off-balance sheet financial instruments.

(e) Inventories

Inventories are valued at the lower of cost (defined as moving average) or net realizable value.

(f) Capital Assets

Capital assets and work in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed on acquisition. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Note 3 Significant Accounting Policies and Reporting Practices (continued)

	Useful Life
Furniture, equipment and vehicle (collectively "Equipment")	5-15 years
Information technology	5 years
Leasehold improvements	3 - 5 years

Work in progress is not amortized until the project is complete.

(g) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. In particular, the following estimates are subject to material measurement uncertainty:

(i) The classification of cash and investments as current and non-current is based on estimates of the cash and investments for which the benefit is expected to be realized in the next fiscal year.

(ii) The classification of unused funding to RHAs for the forensic psychiatry program as a prepaid expense and other asset is based on estimates of the portion of the unused funding that will be expensed in the next fiscal year.

(iii) The classification of deferred contributions as current and non-current is based on estimates of the revenue to be recognized in the next fiscal year for externally restricted non-capital contributions.

Actual results could differ from these estimates due to changes in the timeline, scope or nature of the relevant operations.

(h) Recently Issued Accounting Pronouncements

The following new accounting standards are effective for the Board as of April 1, 2008:

(i) Financial Instruments – The CICA issued two new accounting standards, Handbook Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation. Once adopted, these sections will replace Section 3861, Financial Instruments – Disclosure and Presentation. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments with respect to the Board's financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains and the circumstances in which financial assets and financial liabilities are offset.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(ii) Inventories - The CICA issued a new accounting standard, Handbook Section 3031, Inventories, which replaces the existing standard for inventories, Section 3030. This new standard is not expected to have a material effect on the financial position or results of operations of the Board.

Note 4 Cash and Investments

	2008			2007	
	(thousands of dollars)				
	Fair Value	Cost[1]	Accumulated Unrealized Gains/(Losses)	Fair Value	Cost[1]
Cash and Cash Equivalents	$ 544	$ 544	$ -	$ 120	$ 120
Money Market Securities	15,199	15,196	3	8,415	8,416
Bonds	19,952	19,269	683	10,042	10,082
Equities	5,653	5,959	(306)	3,683	3,565
Total	$ 41,348	$ 40,968	$ 380	$ 22,260	$ 22,183
Classified as:					
Current	$ 14,259				$ 8,536
Non-current	27,089				13,647
	$ 41,348				$ 22,183

[1]Cost includes the accumulated amortization of discount or premium on fixed income securities.

(a) Income and financial returns on cash and investments are exposed to credit and price risks:

(i) Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract.

(ii) Price risk is comprised of interest rate risk and market risk. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investment will change in value due to future fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, the Board established an asset mix policy of 20% to 100% for cash and cash equivalents, 40% to 60% for fixed income instruments and 0% to 20% for equities. On March 14, 2008, the Board approved a new asset mix policy of 15% to 100% for cash and cash equivalents, 0% to 85% for fixed income instruments and 0% to 40% for equities. The new asset mix policy was not yet implemented as of March 31, 2008.

Note 4 Cash and Investments (continued)

Risk is further managed through asset class diversification, diversification within each asset class, and quality constraints on fixed-income and equity instruments.

(b) Money market securities include Government of Canada treasury bills maturing between three to seventy-three days and bear interest at an average effective yield of 4.25% per annum (2007 – 4.45%). Such financial instruments are limited to a rating of R-1 or A-1, or higher.

(c) Publicly traded fixed income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital and meeting the liquidity requirements and obligations of the Board. Return is optimized within risk constraints on the portfolio by management of portfolio duration, issuer mix and quality. Fixed income securities were invested in bonds with a rating of A or higher as at March 31, 2008. On March 14, 2008, the Board approved a maximum exposure of 10% of the fixed income portfolio to bonds with a rating of BBB.

The bonds have an average effective yield of 4.36% per annum (2007 – 4.14%) and have the following maturity structure as at March 31, 2008:

1 – 5 years	44.8%	(2007 – 34.8%)
5 – 10 years	28.3%	(2007 – 36.5%)
Over 10 years	26.9%	(2007 – 28.7%)

(d) Equities are comprised of units in a pooled equity portfolio that includes publicly traded securities in a major stock market. Risk is reduced by prudent security selection and sector rotation.

The cost of the investment in equities is in excess of the fair value at March 31, 2008. Management has assessed the decline in fair value as temporary based on subsequent market activity and the present intention to hold the investment for the long term. As a result, no cumulative loss recorded in net assets has been recognized in the excess of revenues over expenses for the period.

	2008	2007
	(thousands of dollars)	
Non-current cash and investments represent the following:		
Externally restricted for operating purposes	$ 15,244	$ 3,480
Internally restricted for capital purposes	900	768
Internally restricted for operating purposes	6,857	6,361
Unrestricted cash and investments not held for current purposes	4,088	3,038
	$ 27,089	$ 13,647

Note 5 Capital Assets

Cost
(thousands of dollars)

Capital Asset	Opening Balance Apr-1-07	Reallocations	Additions	Disposals	Closing Balance Mar-31-08
Equipment	$ 334	$ -	$ 30	$ 111	$ 253
Information Technology	400	42	162	-	604
Leasehold Improvements	268	-	92	8	352
Work in Progress	42	(42)	-	-	-
	$ 1,044	$ -	$ 284	$ 119	$ 1,209

Accumulated Amortization
(thousands of dollars)

Opening Balance Apr-1-07	Current year amortization	Amortization on Disposals	Closing Balance Mar-31-08	Net Book Value 2008	Net Book Value 2007
$ 131	$ 72	$ 111	$ 92	$ 161	$ 203
68	102	-	170	434	332
13	64	8	69	283	255
-	-	-	-	-	42
$ 212	$ 238	$ 119	$ 331	$ 878	$ 832

Capital assets were funded from the following sources:

	2008	2007
	(thousands of dollars)	
Externally funded *(unamortized external capital contributions)*	$ 3	$ 18
Internally funded *(invested in capital assets)*	875	814
	$ 878	$ 832

Note 6 Other Assets

The Board contracts with RHAs for the provision of forensic psychiatry services. The agreements include provisions whereby any surplus funding from the Board in a given fiscal year is subject to certain terms and conditions. Depending on the agreement, the Board may have a claim to the unused funding either immediately or one to three fiscal years following the fiscal year in which the surplus arises. Where the Board has an immediate claim to the unused funding, the Board may either offset the funding against future funding instalments to

Note 6 Other Assets (continued)

the RHA or approve the funding for incremental operating or capital expenditures benefiting the forensic psychiatry program. Where the Board has a claim to the unused funding one to three fiscal years following the fiscal year in which the surplus arises, the RHA may use the unused funding during that period for incremental operating or capital expenditures benefiting the forensic psychiatry program.

As at March 31, 2008, the accumulated unused funding attributable to the forensic psychiatry agreements is $1,826,000. Based on estimates of the portion of the unused funding that will be expensed during the next fiscal year, $350,000 is classified as a prepaid expense and the balance of $1,476,000 is classified as an other asset.

Note 7 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

	2008	2007
	(thousands of dollars)	
Current		
Children's Mental Health Projects	$ 10,506	$ 8,599
Community Treatment Orders	3,866	-
Mental Health Innovation Projects	963	1,064
Special Mental Health Initiatives	594	-
Aboriginal Youth Suicide Prevention Strategy	538	949
Alberta Centennial Mental Health Research Chairs Program	250	145
Telemental Health	211	263
Information Security Compliance	73	70
Seniors and Community Supports	45	-
Other	15	75
	17,061	11,165
Non-Current		
Child and Youth Mental Health Plan	50,750	-
Children's Mental Health Projects	12,347	69
Assertive Community Treatment Framework	9,000	-
Community Treatment Orders	3,881	8,000
Alberta Centennial Mental Health Research Chairs Program	3,116	2,855
Seniors and Community Supports	2,953	-
Special Mental Health Initiatives	1,406	2,000
Mental Health Innovation Projects	173	221
Information Security Compliance	107	172
Aboriginal Youth Suicide Prevention Strategy	-	369
Telemental Health	-	99
	83,735	13,785
	$ 100,796	$ 24,950

Note 8 Long-Term Employee Benefits

(a) Supplementary Retirement Plan (SRP)

	2008 (thousands of dollars)
Accrued benefit obligation	
Accrued obligation, beginning of year	-
Current service cost	6
Interest cost	2
Prior service cost	200
Actuarial loss (gain)	-
Benefit payments	-
Accrued obligation, end of year	$ 208
Reconciliation of funded status to accrued benefit liability	
Funded status of plan (deficit)	(208)
Unamortized actuarial loss (gain)	-
Unamortized prior service costs	194
Accrued benefit (liability)	$ (14)
SRP pension expense	
Current service cost	6
Interest cost	2
Amortization of prior service costs	6
Amortization of net actuarial loss	-
Expected return on plan assets	-
Benefit cost	$ 14
Significant actuarial assumptions are as follows:	
Discount rate	5.50%
Expected average remaining service life of employee	5 years
Salary increase	5.0%

The above information is based on the actuarial valuation performed at December 31, 2007. The SRP is currently unfunded.

(b) Local Authorities Pension Plan (LAPP)

The Board participates in the LAPP, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Board's annual contributions payable of $321,000 for the year ended March 31, 2008 (2007 - $286,000). At December 31, 2007, the LAPP reported a deficiency of $1,183,334,000 (2006 - $746,651,000).

(c) Pension Expense

The aggregate pension expense reported in the Statement of Operations for the SRP and LAPP is $335,000 (2007 - $286,000).

Note 9 Commitments

(a) Leases

The Board is contractually committed to future operating lease payments until 2012 as follows:

For the year ended March 31	(thousands of dollars)
2009	$907
2010	902
2011	831
2012	351

(b) Contract Service Operators

The Board contracts on an ongoing basis and for externally restricted initiatives with contract service operators to provide various services in the mandate of the Board (Schedule 3). As measured by percentage of total expenses, the Board has contracted or anticipates to contract for services in the year ending March 31, 2009 similar to those provided by these operators in 2008.

Note 10 Accumulated Surplus

The Board's accumulated surplus comprises the following:

	2008	2007
	(thousands of dollars)	
Unrestricted net assets	$ 2,781	$ 1,481
Internally restricted net assets		
Research	3,803	4,053
Forensic Psychiatry Program	2,326	-
Board Priorities	2,000	3,000
Future capital expenditures	900	928
Mental Health Capacity Building for Children and Families	630	1,368
Provincial Mental Health Plan	266	363
Patient Advocate	-	33
	9,925	9,745
	$ 12,706	$ 11,226

Note 11 Budget

	2007/2008 Approved Budget[1]	Adjustments[2]	2007/2008 Reported Budget
	(thousands of dollars)		
Revenues			
Alberta Health and Wellness contribution	$ 69,529	$ -	$ 69,529
Other government contributions	225	-	225
Donations	35	-	35
Investment and other income	1,690	-	1,690
Amortization of external capital contributions	15	-	15
TOTAL REVENUES	71,494	-	71,494
Expenses			
Facility-based inpatient acute nursing services	16,133	1,448	17,581
Facility-based emergency and outpatient services	7,549	(178)	7,371
Community-based care	6,525	(543)	5,982
Diagnostic and therapeutic services	11,229	(477)	10,752
Promotion, prevention and protection services	14,669	-	14,669
Research and education	2,168	-	2,168
Administration	6,262	-	6,262
Information technology	917	-	917
Support services	8,658	(250)	8,408
TOTAL EXPENSES	74,110	-	74,110
Deficiency of revenues over expenses	$ (2,616)	$ -	$ (2,616)

[1] The 2007/08 budget was approved by the board of the Alberta Mental Health Board on May 17, 2007 and submitted to the Minister of Health and Wellness for approval.

[2] Adjustments relate to classification changes to ensure budgeted expenses confirm with actual reporting classifications.

Note 12 Alberta Health and Wellness Contributions

	2008	2007
	(thousands of dollars)	
Unrestricted contributions	$ 58,339	$ 44,943
Transfers from deferred contributions	3,727	1,564
	$ 62,066	$ 46,507

Note 13 Other Government Contributions

	2008	2007
	(thousands of dollars)	
Alberta Government		
Transfers from deferred contributions	$ 95	$ 44
Other	116	75
	$ 211	$ 119

Note 14 Investment and other income

	2008	2007
	(thousands of dollars)	
Registration fees and sponsorships	$ 548	$ 236
Investment income	418	540
Sales and recoveries	236	45
Other income	46	185
	$ 1,248	$ 1,056

Registration fees and sponsorships relate to conferences and courses conducted by the Board. Investment income comprises interest and net gains on disposal of investments. Sales and recoveries relate to distributions of educational and promotional materials. Other income primarily comprises contract revenue to support the Telehealth Scheduling System and other cost recoveries.

Sales and recoveries includes $5,000 from ministries of the Province (2007 – $2,000). Other income includes $40,000 from ministries of the Province (2007 -$118,000).

Note 15 Administration

	2008	2007
	(thousands of dollars)	
General administration[1]	$ 4,405	$ 4,351
Administration - contract service operators (Schedule 3)[2]	1,217	167
Finance	243	166
Human resources	1	2
	$ 5,866	$ 4,686

Note 15 Administration (continued)

[1]General administration includes costs relating to the following types of activities that do not meet the criteria for inclusion in other expense categories:

- Promoting and supporting implementation of the made-in-Alberta approach outlined in the Provincial Mental Health Plan, *Advancing the Mental Health Agenda (April 2004)*;
- Bringing a provincial perspective to programming and support for regional mental health service delivery;
- Strengthening advocacy and consumer support;
- Advising on policy; and
- Collaborating with inter-provincial, national and international partners.

[2]The cost of contracted services is allocated to the appropriate expense categories as if the Board directly performed the activities. Where information is unobtainable, the Board uses a systematic and rational basis for the allocation.

Note 16 Support Services

	2008	2007
	(thousands of dollars)	
Support services - contract service operators (Schedule 3)[1]	$ 7,751	$ 2,054
Building maintenance and operations	779	568
	$ 8,530	$ 2,622

[1]The cost of contracted services is allocated to the appropriate expense categories as if the Board directly performed the activities. Where information is unobtainable, the Board uses a systematic and rational basis for the allocation.

Note 17 Related Parties

(a) Province of Alberta

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements.

The Board is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Board is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

Note 17 Related Parties (continued)

Transactions between the Board and ministries of the Province are disclosed in the Statement of Operations and in notes 12, 13 and 14 and Schedule 1 to the financial statements. As at March 31, 2008, $15,000 is receivable from the Ministry of Health and Wellness other than contributions receivable (2007 - $0); $3,000,000 is receivable from other ministries of the Province (2007 - $3,000,000). As at March 31, 2008, $3,000 is payable to the Ministry of Infrastructure and Transportation (2007 - $303,000).

The Board had the following balances and transactions with other related parties recorded in the Statement of Financial Position and Statement of Operations at the amounts agreed upon by the parties:

	Receivable from:		Payable to:	
	2008	2007	2008	2007
	(thousands of dollars)			
Capital Health[1]	$ 1	$ -	$ 693	$ 475
Calgary Health Region[2]	-	-	260	316
School Boards & Schools	-	-	1,151	179
Other Regional Health Authorities	15	54	250	264
AADAC	200	-	270	182
Universities	1	-	-	-
Carewest	-	-	-	-
	$ 217	$ 54	$ 2,624	$ 1,416

	Revenue		Expenses	
	2008	2007	2008	2007
	(thousands of dollars)			
Capital Health	$ 24	$ 6	$ 31,359	$ 22,548
Calgary Health Region	7	4	12,121	10,902
School Boards & Schools	-	-	2,293	809
Other Regional Health Authorities	124	57	1,612	1,128
AADAC	56	5	787	757
Universities	-	-	57	-
Carewest	-	-	32	-
	$ 211	$ 72	$ 48,261	$ 36,144

[1]The payable includes $174,000 in respect of third party costs paid on behalf of the Board for which Capital Health will be reimbursed. In addition to the receivable and payable balances, $108,000 and $1,190,000 are presented as a prepaid expense and other asset, respectively, in the Statement of Financial Position (2007 - $141,000; $0).

[2]In addition to the payable balance, $409,000 and $286,000 are presented as a prepaid expense and other asset, respectively, in the Statement of Financial Position (2007 - $297,000; $0).

Note 17 **Related Parties (continued)**

(b) Other Contract Service Operators

The Board has an economic interest through its contracts with other service operators for mental health justice initiatives and mental health promotion and prevention services in the Province. Details are presented in Schedule 3.

Note 18 **Subsequent Events**

On May 15, 2008, the Minister of Health & Wellness issued Ministerial Order, M.O. #52/2008, to restructure the governance structure of the health services delivery system in Alberta. All existing board members reported in Schedule 2 were removed and replaced with members set out in M.O. #52/2008.

Note 19 **Comparative Figures**

Certain 2007 figures have been reclassified to conform to the 2008 presentation.

Note 20 **Approval of Financial Statements**

These financial statements have been approved by the Board.

Schedule 1

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2008

(thousands of dollars)

	Budget (Note 11)	2008	2007
Salaries and benefits (Schedule 2)	$ 6,190	$ 5,540	$ 4,659
Contracts with health service operators (Schedule 3)	60,055	50,381	37,940
Other contracted services	3,760	2,377	2,458
Other expenses [1]	3,894	3,490	2,590
Amortization of capital equipment:			
- internally funded	196	223	85
- externally funded	15	15	23
	$ 74,110	$ 62,026	$ 47,755
[1] Other expenses:			
Promotion, prevention, and educational materials	$ 871	$ 603	$ 302
Facility rent [2]	760	789	521
Travel	835	742	566
Miscellaneous	1,428	1,356	1,201
	$ 3,894	$ 3,490	$ 2,590

[2] The 2008 fiscal year includes office lease costs of $91,000 payable to Alberta Infrastructure and Transportation under the terms of the lease agreements (2007-$128,000).

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2008
(thousands of dollars)

Schedule 2

	2008						2007	
	Number of FTEs [1]	Base Salary [2]	Other Cash Benefits [3]	Other Non-Cash Benefits [4]	Sub-Total	Total	Number of FTEs [2]	Total [5]
Board Compensation								
Board Chairperson								
Ference, Jean (Dr.)	1	$ 15	$ -	$ -	$ 15	$ 15	1	$ 6
Read, John G. (Dr.)	-	-	-	-	-	-	1	7
Board Members								
Desbarats, Susan	-	-	-	-	-	-	1	1
Fielding, Alan	1	7	-	-	7	7	1	4
Horne, Fred	-	-	-	-	-	-	1	2
Laforce-Fertig, Louise	1	8	-	-	8	8	1	5
McBain, Harold	1	8	-	-	8	8	1	4
Mikkelsen, David	1	5	-	-	5	5	1	2
Preston, Jerry	1	8	-	-	8	8	1	5
Steinhauer, Sharon	1	7	-	-	7	7	1	4
Taylor, Ruth (Dr.)	1	3	-	-	3	3	1	5
Total honoraria	8	61	-	-	61	61	11	45
Staff								
Mental Health Patient Advocate Office	3.17	316	7	43	366	366	4.00	393
President & Chief Executive Officer [6]	1.00	235	-	47	282	282	1.00	261
Management persons reporting to the President & CEO:								
Vice President, Advocacy, Innovation & Monitoring	1.00	184	20	31	235	235	1.00	219
Vice President, Programs & Research	1.00	190	20	27	237	237	1.00	219
Executive Director, Childrens Mental Health	-	-	-	-	-	-	0.50	69
Other management persons reporting directly to those above	12.57	1,228	5	259	1,492	1,492	9.00	1,059
Other management	4.54	353	-	75	428	428	4.45	461
Other staff	35.30	1,987	7	445	2,439	2,439	28.72	1,933
Total staff	58.58	4,493	59	927	5,479	5,479	49.67	4,614
Total	66.58	$ 4,554	$ 59	$ 927	$ 5,540	$ 5,540	60.67	$ 4,659

See accompanying information on the following page.

SCHEDULE OF SALARIES AND BENEFITS, FOR THE YEAR ENDED MARCH 31, 2008

1. Number of individuals for staff is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed for staff: 86 (2007 - 69). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.

2. Base salary includes pensionable base pay.

3. Other cash benefits include bonuses, lump sum payments and honoraria.

4. Other non-cash benefits include:

   (i) Employer's current and prior service cost of supplementary retirement plans per note 7 below.
   (ii) Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment insurance, long and short-term disability plans, Canada Pension Plan, and employment insurance. Professional development and membership costs may also be paid on behalf of or reimbursed to employees but such amounts are not included under benefits and allowances.

5. The total for the year ended March 31, 2007 includes severance. Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.

6. The President & Chief Executive Officer is provided with an automobile; no dollar amount in respect of automobile costs is included in other non-cash benefits.

7. Under the terms of the Supplementary Retirement Plan initiated November 1, 2007, the President & Chief Executive Officer will receive supplemental retirement payments. Retirement arrangement costs as detailed in the following table are not cash payments in the period but are the period expense for the rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. The Supplementary Retirement Plan provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past services costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

Schedule 2 (continued)

SCHEDULE OF SALARIES AND BENEFITS, FOR THE YEAR ENDED MARCH 31, 2008

	2008 (thousands of dollars)		
	Current Service Cost	Prior Service and Other Costs	Total
President & CEO	$ 6	$ 8	$ 14

	Accrued obligation March 31, 2007	Change in accrued obligation	Accrued obligation March 31, 2008
President & CEO	$ -	$ 208	$ 208

Effective April 1, 2008, the Vice President, Advocacy, Innovation & Monitoring and the Vice President, Programs & Research were added to the Supplementary Retirement Plan.

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF CONTRACT SERVICE OPERATORS
FOR THE YEAR ENDED MARCH 31, 2008
(thousands of dollars)

Schedule 3

	Direct Board Funding	Facility-based inpatient acute nursing services	Facility-based emergency & outpatient services	Community-based care	Diagnostic & therapeutic services	Promotion prevention & protection services	Research and education	Administration	Information technology	Support services	Total Expenditures
A. Health Authorities											
Capital Health - Forensics	$ 29,437	$ 12,385	$ 4,440	$ 1,435	$ 4,833	$ -	$ -	$ 1,023	$ -	$ 5,321	$ 29,437
Capital Health - Other	1,914	-	13	635	392	20	21	188	639	6	1,914
Calgary Health Region - Forensics	10,530	3,770	1,597	459	2,347	-	-	-	-	2,357	10,530
Calgary Health Region - Other	1,586	-	8	992	289	245	4	-	-	48	1,586
Chinook Regional Health Authority	710	-	-	452	208	33	4	-	-	13	710
David Thompson Regional Health Authority	366	-	-	206	142	12	6	-	-	-	366
Palliser Health Region	348	-	-	197	136	9	6	-	-	-	348
Aspen Regional Health Authority	136	-	-	98	18	11	3	-	-	6	136
Other Regional Health Authorities	37	-	-	-	-	27	10	-	-	-	37
B. Other Contract Service Operators											
School Boards & Schools	2,293	-	-	-	423	1,870	-	-	-	-	2,293
AADAC	787	-	-	466	321	-	-	-	-	-	787
Homefront	507	-	-	300	207	-	-	-	-	-	507
Aboriginal agencies & service providers	464	-	-	-	-	464	-	-	-	-	464
Centre for Suicide Prevention	344	-	-	-	-	344	-	-	-	-	344
Schizophrenia Society of Alberta	223	-	-	-	-	219	4	-	-	-	223
Canadian Mental Health Association	140	-	-	-	-	132	8	-	-	-	140
Institute of Health Economics	90	-	-	-	-	-	90	-	-	-	90
SEARCH Canada	85	-	-	-	-	-	85	-	-	-	85
Other agencies & service providers	384	-	45	-	-	180	153	6	-	-	384
Total 2007/08	$ 50,381	$ 16,155	$ 6,103	$ 5,240	$ 9,316	$ 3,566	$ 394	$ 1,217	$ 639	$ 7,751	$ 50,381
Total 2006/07	$ 37,940	$ 15,145	$ 6,351	$ 4,477	$ 6,818	$ 2,078	$ 226	$ 167	$ 624	$ 2,054	$ 37,940

ALBERTA CANCER BOARD

FINANCIAL STATEMENTS

MARCH 31, 2008

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

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Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries and Benefits

ALBERTA CANCER BOARD

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2008

The accompanying financial statements are the responsibility of management and have been approved by the Board. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes to review internal controls. This system offers management reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Board has established a code of ethics and corporate directives, which include communication of the code to employees.

The Board members carry out their responsibility for the financial statements through the Audit Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to review financial matters, and recommends the financial statements to the Alberta Cancer Board for approval. The external auditor has free access to the Audit Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow them to report on the fairness of the financial statements prepared by management.

[Original Signed by Dr. Jean-Michel Turc] [Original Signed by Aslam Bhatti]

Dr. Jean-Michel Turc
Chief Executive Officer

Aslam Bhatti
Chief Financial Officer

Auditor's Report

To the Board of Directors of the Alberta Cancer Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Cancer Board as at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Original Signed by Fred J. Dunn", FCA
Auditor General

Edmonton, Alberta
May 16, 2008

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

ALBERTA CANCER BOARD
STATEMENT OF FINANCIAL POSITION
As at March 31, 2008
(In thousands)

	2008 Actual	2007 Actual
ASSETS		
Current:		
Cash and cash equivalents (Note 4)	$ 77,762	$ 60,732
Accounts receivable	8,892	6,281
Contributions receivable from Alberta Health and Wellness	7,168	11,958
Inventories	9,609	8,411
Prepaid expenses	1,982	1,886
	105,413	89,268
Non-current cash and investments (Note 4)	47,755	41,888
Capital assets (Note 5)	148,284	149,204
Other assets (Note 17)	855	808
TOTAL ASSETS	$ 302,307	$ 281,168
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 39,739	$ 38,796
Accrued vacation pay	8,422	7,375
Deferred contributions (Note 6)	48,429	44,606
	96,590	90,777
Deferred capital contributions (Note 7)	12,395	11,564
Unamortized external capital contributions	106,630	114,486
Other liabilities	4,572	4,298
	220,187	221,125
Net assets		
Accumulated surplus (Note 8)	22,827	25,325
Investment in capital assets from internally funded sources	41,654	34,718
Cumulative net unrealized gain on investments	7,639	-
Operating net assets	72,120	60,043
Endowments (Note 18)	10,000	-
	82,120	60,043
TOTAL LIABILITIES AND NET ASSETS	$ 302,307	$ 281,168

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
STATEMENT OF OPERATIONS
For the year ended March 31, 2008
(in thousands)

	2008		2007
	Budget (Note 10)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 11)	$ 329,857	$ 305,058	$ 268,295
Other government contributions (Note 12)	2,187	2,058	2,179
Fees and charges	6,886	5,886	6,486
Ancillary operations, net (Note 13)	718	(221)	636
Donations	17,163	6,420	6,163
Research and education	35,285	32,001	30,145
Investment and other income (Note 14)	26,752	29,084	26,538
Amortized external capital contributions	13,990	14,316	13,490
TOTAL REVENUE	432,838	394,602	353,932
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	23,285	17,578	15,615
Facility-based emergency and outpatient services	98,347	101,710	90,041
Community-based care	34,755	38,715	32,244
Diagnostic and therapeutic services	81,699	83,495	78,042
Promotion, prevention and protection services	38,126	23,843	14,927
Research and education	90,959	58,475	52,959
Administration	11,582	11,019	9,631
Information technology	13,060	13,598	12,475
Support services	35,193	36,268	33,618
Amortization of facilities and improvements	6,832	5,463	5,156
TOTAL EXPENSES	433,838	390,164	344,708
(Deficiency)/excess of revenue over expense	$ (1,000)	$ 4,438	$ 9,224

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
STATEMENT OF CHANGES IN NET ASSETS
For the year ended March 31, 2008
(in thousands)

	2008						2007
	Accumulated surplus (Note 8)	Investment in capital assets from internally funded sources	Cumulative net unrealized gains on investments	Sub-Total	Endowment	Total	Total
Balance at beginning of year	$ 25,325	$ 34,718	$ -	$ 60,043	$ -	$ 60,043	$ 50,819
Unrealized gain on investments, Transitional adjustment (Note 2 (a))	-	-	9,853	9,853	-	9,853	-
Excess of revenue over expenses	4,438	-	-	4,438	-	4,438	9,224
Capital assets purchased with internal funds	(13,989)	13,989	-	-	-	-	-
Amortization of internally funded capital assets	6,992	(6,992)	-	-	-	-	-
Current year realized gain on investments	-	-	(1,640)	(1,640)	-	(1,640)	-
Current year unrealized loss on investments	-	-	(574)	(574)	-	(574)	-
Endowment contributions received	-	-	-	-	10,000	10,000	-
Net book value internally funded capital assets disposed	61	(61)	-	-	-	-	-
Balance at end of year	$ 22,827	$ 41,654	$ 7,639	$ 72,120	$ 10,000	$ 82,120	$ 60,043

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
STATEMENT OF CASH FLOWS
For the year ended March 31, 2008
(In thousands)

	2008 Budget	2008 Actual	2007 Actual
Cash generated from (used by):			
Operating activities:			
(Deficiency)/excess of revenue over expenses	$ (1,000)	$ 4,438	$ 9,224
Non-cash transactions:			
Amortization (Schedule 1)	20,289	20,944	19,213
Amortized external capital contributions	(13,990)	(14,504)	(13,679)
Loss on disposal of capital equipment	-	607	10
Gain on disposal of investments	-	(1,640)	(521)
Changes in non-cash working capital account	(31,995)	18,749	9,792
Cash (used by) generated from operations	(26,696)	28,594	24,039
Investing activities:			
Purchase of investments	(12,175)	(17,573)	(13,174)
Purchase of capital assets:			
internally funded - equipment	(13,424)	(13,989)	(10,265)
internally funded - facility and improvements	-	-	(930)
externally funded - equipment	(14,090)	(6,648)	(12,629)
net change in working capital (Note 5)	-	(2,051)	(3,303)
Proceeds on sale of investments	12,000	15,849	11,725
Proceeds on disposal of capital assets	-	6	4
Allocations to other assets	(82)	(47)	(40)
Allocations from non-current cash and investments	9,000	5,136	3,733
Cash used by investing activities	(18,681)	(19,317)	(24,879)
Financing activities:			
Capital contributions received	5,000	7,742	14,552
Change in other liabilities	-	274	1,283
Deferred capital contributions transfered to operations	-	(263)	(740)
Cash generated from financing activities	5,000	7,753	15,095
(Decrease)/increase in cash and investments	(39,777)	17,030	14,255
Cash and cash equivalents, beginning of year	60,732	60,732	46,477
Cash and cash equivalents, end of year	$ 20,955	$ 77,762	$ 60,732

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008
(In thousands)

Note 1 Authority, Purpose and Operations

The Alberta Cancer Board (the "Board") was established in 1967 and now operates under the Cancer Programs Act Chapter C-2, Revised Statutes of Alberta, 2000.

The Board is exempt from payment of income tax.

The Board provides cancer services to Albertans through research, diagnosis, treatment, education and prevention programs and it coordinates, in cooperation with others, the planning, development and delivery of provincial cancer services.

The Board's operations include the following facilities and sites:

- Cross Cancer Institute – Edmonton
- Tom Baker Cancer Centre – Calgary
- Regional Cancer Clinics – Grande Prairie, Red Deer, Lethbridge and Medicine Hat
- Community Cancer Centers – Camrose, Hinton, Barrhead, Bonnyville, Drumheller, High River, Peace River, Fort McMurray, Canmore, Lloydminster and Drayton Valley
- Breast screening sites – Edmonton and Calgary – plus three mobile vans
- Edmonton Radiopharmaceutical Centre – Edmonton
- Southern Alberta Cancer Research Institute – Calgary

These financial statements do not include the assets, liabilities and operations of the Alberta Cancer Foundation, the Cross Cancer Institute Volunteer Association, or private facilities providing health services in the province, except as disclosed in Note 15.

Note 2 Changes in accounting policies

(a) Financial Instruments

On April 1 2007, the Board adopted new and amended CICA Handbook, Section 3855, Financial Instruments - Recognition and Measurement and Section 3861, Financial Instruments - Disclosure and Presentation. The adoption of these new standards resulted in changes in the accounting and presentation for financial instruments and in the recognition of certain transition adjustments that have been recorded in opening net assets at April 1, 2007. These standards have been implemented prospectively.

According to these new standards, all financial assets and financial liabilities must be classified into one of the following categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale and other financial liabilities. The related accounting

Note 2 Changes in accounting policies (continued)

policies adopted by the Board and the resulting impact to the financial statements are discussed below.

All financial instruments are initially recognized on the statement of financial position at their fair value. Subsequent to their initial recognition, all financial instruments continue to be measured at their fair value except for accounts receivable, contributions receivable from Alberta Health & Wellness, and other financial liabilities which must be measured at amortized cost using the effective interest method.

Held-for-trading:

The Board has classified its cash and cash equivalents as held-for-trading financial assets.

Changes in the fair value of financial assets and liabilities that are classified as held-for-trading are recorded in the statement of operations and included in investment and other income. Due to the nature of these assets, carrying value approximates fair value.

Available-for-sale:

The Board has recorded its non-current cash and investments as available-for-sale. Changes in the fair value of assets designated as available-for-sale are recorded directly to net assets with any permanent impairment recognized immediately in the statement of operations. For investments subsequently sold, the gain or loss is recorded in the statement of operations and the net assets are adjusted to reflect the transaction. Transaction costs are recognized when the investments are sold.

At April 1, 2007, the Board adjusted the investments included on its statement of financial position to fair value as follows:

April 1, 2007		
Book Value	Adjustment to Fair Value	Fair Value
$ 41,888	$ 9,853	$ 51,741

The adjustment of $9,853 was recorded as a component of the opening balance of net assets.

Loans and receivables:

The Board has classified its accounts receivable, and contributions receivable from Alberta Health and Wellness, as loans and receivables, which are measured at amortized cost. Accounts receivable, contributions receivable from Alberta Health and Wellness approximates their fair value because of the short-term maturity of these items.

Note 2 Changes in accounting policies (continued)

Other financial liabilities:

For the Board, the other financial liabilities classification includes accounts payable and accrued liabilities which are measured at amortized cost. Accounts payable and accrued liabilities and accrued vacation pay approximates their fair value because of the short-term maturity of these items.

(b) Accounting changes

Accounting Changes (CICA Handbook Section 1506)

Effective April 1, 2007, the Board adopted CICA Handbook Section 1506 "Accounting Changes" which establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies and estimates, and correction of errors. Under the new standard, accounting changes should be applied retroactively unless otherwise permitted or where impracticable to determine. As well, voluntary changes in accounting policies are made only when required by a primary source of Canadian GAAP or the change results in more relevant and reliable information. The Board has determined that the application of this Section did not have any impact on the consolidated financial statements.

(c) Pending changes to accounting policy

Section 3862 – Financial Instruments – Disclosures

In December 2006, the Accounting Standards Board (AcSB) issued a new accounting standard on disclosures about financial instruments. Section 3862, *Financial Instruments – Disclosures*, improves upon the disclosure requirements in Section 3861, *Financial Instruments – Disclosures and Presentation*, and converges with International Financial Reporting Standard IFRS 7, *Financial Instruments – Disclosures*. Section 3862 must be implemented no later than the first reporting period in the first fiscal year beginning on or after October 1, 2007, but was made available in time for voluntary early implementation concurrent with adoption of the suite of financial instruments standards issued in 2005 (and effective for reporting periods beginning on or after October 1, 2006). Entities choosing not to early adopt the new disclosure requirements will continue to comply with the existing disclosure requirements in Section 3861.

Section 3862, like Section 3861, is based on the fundamental principle that entities should provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance. Section 3862 places an increased emphasis on disclosures about the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. Concurrent with the release of Section 3862, the AcSB also issued Section 3863, *Financial Instruments – Presentation*, which carries forward unchanged the presentation requirements of Section 3861. Section 3863 provides a companion standard to Section 3862 for entities subject to the latter. The Board plans to adopt this new disclosure standard beginning with its 2009 fiscal year.

Note 2 Changes in accounting policies (continued)

Capital Disclosures

In December 2006, the CICA issued accounting standards Section 1535 - Capital Disclosures, which establishes disclosure requirements concerning capital. This disclosure includes such information as: qualitative information about its objectives, policies and processes for managing capital; quantitative data about what it regards as capital; whether it has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance. The Board is presently evaluating the impact of this new standard, on its 2009 financial statement disclosures. The Board will implement this new standard effective April 1, 2008.

Note 3 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

(i) These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 31.

(ii) These financial statements use the deferral method, key elements of which are:

(I) Unrestricted contributions are recognized as revenue in the year receivable.

(II) Externally restricted contributions are recognized as revenue in the year proportionate to the related expenses incurred.

Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and then recognized as revenue in the period the related amortization expense of the capital asset is recorded.

(III) Endowments and restricted contributions to purchase capital assets that will not be amortized are treated as direct increases to net assets.

(IV) Unrestricted investment income is recognized in the year earned.

(V) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(VI) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Board accounts for all costs and revenues from services or goods for which it is responsible and the fair value of costs of services or goods are recorded. Fair value transactions comprise other assets, supplies and services that would otherwise have been purchased and are recorded as revenue and expenses, at fair value at the date of

Note 3 Significant Accounting Policies and Reporting Practices (continued)

contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Board participates in the Public Service Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied where the Board has insufficient information to apply defined benefit plan accounting. Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Board does not record its portion of the plans' deficit or surplus.

The Board provides a defined benefit Supplementary Executive Retirement Plan (SERP) to senior executives. Costs of these benefits are actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and benefit coverage period. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The Board fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Current cash and equivalents have been designated as held-for-trading and are recorded at fair value (Note 2 (a)).

Non-current cash and investments have been designated as available-for-sale and are recorded at fair value (Note 2 (a)). The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal. Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss.

(e) Inventories

Inventories are valued at the lower of cost (moving cost average) or net realizable value.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(f) Capital Assets

Capital assets and construction in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land improvements	20 years
Parkade	30 years
Building service equipment	20 years
Information Systems, hardware, software, licences	5 years
Vehicles and equipment	5-20 years

Construction in progress is not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

(g) Research Grants

The Board awards grants to carry out cancer research to agencies that are successful applicants through the Board's Research Grant application process. Grants are awarded for projects ranging from one to three years in length. The Board records the full value of the grant awarded as an expense when it has been approved and when the agreement between the Board and the principal investigator has been executed.

(h) Measurement Uncertainty

These financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Significant management estimates include the amortization period of capital assets, the completeness of accrued liabilities, accounts receivable, allowance for doubtful accounts, fair value of financial instruments and economic assumptions related to the Supplemental Executive Retirement Plan. Actual results could differ from estimates.

Note 4 Cash and Investments

	2008		2007	
	Fair Market Value	Cost	Fair Market Value	Cost
Cash and cash equivalents	$ 78,089	$ 78,089	$ 66,177	$ 66,177
Money market securities	1,143	1,143	723	723
Fixed income securities:				
Canadian federal and provincial government bonds	7,292	6,872	8,379	8,209
Corporate bonds and debentures	14,579	14,848	12,202	12,055
Canadian equities	24,163	16,676	24,743	15,206
United States and foreign equities	249	250	249	250
Total current and non-current cash and investments	125,517	117,878	112,473	102,620
Classified as:				
Current	77,762	77,762	60,732	60,732
Non-current	47,755	40,116	51,741	41,888
Total cash and investments	$ 125,517	$ 117,878	$ 112,473	$ 102,620

(i) The Consolidation Cash Investment Trust Fund ("CCITF") of the Province of Alberta is a demand account managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining security and liquidity of depositors' capital. Interest is earned on the daily cash balance and the average rate of earnings of the CCITF varies depending on prevailing market interest rates. The rate of return for the year ended March 31, 2008 was 4.81% (March 31, 2007 – 4.12%). Included in cash and cash equivalents is $327 (2007 - $5,445) related to capital and is considered non-current.

(ii) To optimize returns at an acceptable risk level, management has established a policy asset mix of 45% to 55% for fixed income securities and 45% to 55% for equities. Risk is reduced through diversification.

(iii) Fixed income securities have an average effective yield of 5.03% (2007 – 5.2%) per annum for securities maturing between 1 and 30 years. As at March 31, 2008, the securities have the following maturity structure:

	%
Under 1 year	1%
1 to 5 years	24%
6 to 10 years	47%
Over 10 years	28%
	100%

(iv) Equities comprise publicly-traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation.

(v) Included in cumulative net unrealized gains on investments of $7,639 are unrealized losses of $ 1,352.

Note 4 Cash and Investments (continued)

Non-current cash and investments represent the following:

	2008	2007
Externally restricted for capital acquisitions (Note 7)	$ 12,395	$ 11,564
Internally restricted net assets (Note 8)	20,618	13,394
Unrestricted non-current investments	4,742	16,930
Endowments (Note 18)	10,000	-
	$ 47,755	$ 41,888

Note 5 Capital Assets

Capital Asset	Cost: Opening Balance April 1, 2007	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2008
Land	$ 4,556	$ -	$ -	$ -	$ 4,556
Art	146				146
Buildings	90,508	1,791	2,539		94,838
Building service equipment	39,087				39,087
Parkade	5,507				5,507
Equipment excluding information systems	123,939	6,529	6,279	(3,229)	133,518
Information systems equipment	25,218		2,952	(349)	27,821
Construction in progress	9,375	(1,791)	5,991		13,575
Deposits on equipment	7,561	(6,529)	2,690		3,722
Information systems software and licenses	12,194		216		12,410
	$ 318,086	$ -	$ 20,637	$ (3,578)	$ 335,145

Capital Asset	Accumulated Amortization: Opening Balance April 1, 2007	Current year amortization	Amortization on disposals	Closing Balance March 31, 2008	Net Book Value: 2008	2007
Land	$ -	$ -	$ -	$ -	$ 4,556	$ 4,556
Art	-	-	-	-	146	146
Buildings	45,832	3,827	-	49,659	45,144	44,671
Building service equipment	27,751	1,649	-	29,400	9,687	11,336
Parkade	3,231	189	-	3,420	2,087	2,276
Equipment excluding information systems	68,845	10,160	(2,651)	76,354	57,164	55,094
Information Systems equipment	15,801	3,143	(314)	18,630	9,191	9,417
Construction in progress	-	-	-	-	13,575	9,375
Deposits on equipment	-	-	-	-	3,722	7,561
Information systems software and licenses	7,422	1,976	-	9,398	3,012	4,772
	$ 168,882	$ 20,944	$ (2,965)	$ 186,861	$ 148,284	$ 149,204

Note 5 Capital Assets (continued)

Included in accounts payable and accrued liabilities are additions of $498 (2007 - $2,549).

(a) Land and buildings

Cost includes the appraised value at March 31, 1989 of the original Cross Cancer Institute land and building transferred to the Board from the Province of Alberta on that date. In the same year, the Mewburn Veterans Centre was transferred from Alberta Infrastructure to the Board. The appraised value of the building at the time of transfer was $5,630.

In July, 1989, the Board and the University of Alberta (the "University") jointly completed the construction of a parkade on land owned by the University adjoining the Cross Cancer Institute. The Board incurred expenditures of $5,507 on the parkade which amounted to 62.5% of the cost of the parkade. In return, the University granted the Board 62.5% of the use of the parkade rent-free until the year 2009, with two additional five year renewal terms. The Board pays a portion of the parkade's operating costs.

Capital assets were funded from the following sources:

	2008	2007
Externally funded *(unamortized external capital contributions)*	$106,630	$114,486
Internally funded *(investment in capital assets)*	41,654	34,718
	$148,284	$149,204

Note 6 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

	2008	2007
Research	$ 15,496	$ 8,606
Programs and services	7,355	6,636
Capital projects and renovations	2,939	1,374
Clinical trials	3,841	4,851
Legacy fund program initiatives	18,798	23,139
	$ 48,429	$ 44,606

Note 7 Deferred Capital Contributions

The balance at the end of the year is restricted for the following purposes:

	2008	2007
Equipment replacement	$ 1,670	$ 5,490
New construction	1,025	3,315
Information technology equipment and software	2,080	2,436
New equipment	7,620	323
	$ 12,395	$ 11,564

Note 8 Accumulated Surplus

The Board's accumulated surplus comprises the following:

	2008	2007
Unrestricted net assets	$ 2,209	$ 11,931
Internally restricted net assets:		
Drug Reserve	7,200	-
Committed capital equipment replacement	7,193	6,710
Breast Centre, Prostate Centre and Clinical Reserves	3,500	3,500
Edmonton Radiopharmaceutical Centre	2,725	3,184
	20,618	13,394
	$ 22,827	$ 25,325

Note 9 Commitments and Contingencies

(a) Commitments:

Future minimum lease payments under operating leases relating primarily to office and warehouse space are as follows:

2009	$ 3,703
2010	3,605
2011	3,548
2012	3,621
2013	3,650
Thereafter	1,603
	$ 19,730

The Board is also responsible for its portion of operating costs related to office and warehouse space.

(b) Contingencies:

The Board is defendant in various lawsuits as of March 31, 2008. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Board is satisfied that there will be no material adverse impact on the financial position of the Board as of March 31, 2008.

Note 10 Budget

	2007/2008 Board Approved Budget [1]
Revenue	
Alberta Health and Wellness contributions	$ 329,857
Other government contributions	2,187
Fees and charges	6,886
Ancillary operations, net	718
Donations	17,160
Research and education	35,285
Investment and other income	26,752
Amortized external capital contributions	13,990
TOTAL REVENUE	432,838
Expenses	
Facility-based inpatient acute nursing services	23,285
Facility-based emergency and outpatient services	98,347
Community-based care	34,755
Diagnostic and therapeutic services	81,699
Promotion, prevention and protection services	38,126
Research and education	90,959
Administration	11,582
Information technology	13,060
Support services	35,193
Amortization of facilities and improvements	6,832
TOTAL EXPENSES	433,838
Deficiency of revenue over expenses	$ (1,000)

(1) The budget was approved by the Board on March 19, 2007, and submitted to the Minister of Health and Wellness for approval.

Note 11 Alberta Health and Wellness Contributions

	2008	2007
Unrestricted contributions	$ 277,533	$ 263,109
Transfers from deferred contributions for:		
Information systems programs	729	132
Screening programs	4,462	1,619
Renovations and repairs	834	1,319
Cancer prevention legacy fund	21,396	1,862
Telehealth program	104	254
	$ 305,058	$ 268,295

Note 12 Other Government Contributions

	2008	2007
Alberta Government:		
Alberta Alcohol and Drug Abuse Commission	$ 10	$ 36
Government of Canada	2,048	2,143
	$ 2,058	$ 2,179

Note 13 Ancillary Operations

	2008				2007
	Revenue	Direct Expenses	Amortization Expense	Excess of Revenue over Expense	Excess of Revenue over Expense
Parking operations	1,196	684	189	323	337
Non-patient food services	1,431	1,509	7	(85)	(54)
Edmonton Radiopharmaceutical Centre	4,705	5,119	45	(459)	353
Total	$ 7,332	$ 7,312	$ 241	$ (221)	$ 636

Note 14 Investment and Other Income

	2008	2007
Investment income	$ 5,963	$ 4,158
Drug rebates and other recoveries	17,513	17,888
Calgary Health Region Bone Marrow Transplant Program	5,608	4,492
	$ 29,084	$ 26,538

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains/losses on disposal of investments.

Note 15 Related Parties

(a) Province of Alberta and Health Authorities

The Minister of Health and Wellness appoints members of the Board. The Board is economically dependent on the Ministry of Health and Wellness (the "Ministry") since the viability of its ongoing operations depends on contributions from the Ministry.

The Board has the following transactions with other Health Authorities recorded on the Statement of Operations and Financial Position at the amounts of consideration agreed upon between the related parties:

	2008				2007			
Authority	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Chinook Health Region	$ 4	$ 1,393	$ -	$ 332	$ -	$ 990	$ -	$ 94
Palliser Health Region	-	1,494	-	331	-	-	-	-
Calgary Health Region	6,881	20,414	-	5,323	6,238	17,302	25	3,639
David Thompson Health Region	85	1,190	-	106	147	1,202	-	149
East Central Health Region	-	725	-	408	55	-	-	-
Capital Health Region	195	3,586	-	1,317	122	2,316	-	138
Aspen Health Region	-	517	-	90	-	406	-	25
Peace Country Health Region	1	1,612	-	381	-	1,196	-	142
Northern Lights Health Region	-	490	-	26	-	127	-	10
Health Quality Council of Alberta	-	1	-	-	-	-	-	-
Total	$ 7,166	$ 31,420	$ -	$ 8,514	$ 6,562	$ 23,539	$ 25	$ 4,197

(b) Foundations

Alberta Cancer Foundation

The Board controls the Alberta Cancer Foundation (the "Foundation") which raises money for cancer research and other cancer related activities and services. The Foundation is registered with Canada Revenue Agency as a charitable foundation.

Note 15 Related Parties (continued)

The Foundation is not consolidated in these financial statements. If the Board had consolidated the Foundation, using the modified equity method, the unrestricted operating results, and unrestricted net assets would have increased by $2.8 million (2007 – $2.3 million) and $3.2 million (2007 - $2.2 million), respectively. Audited financial statements of the Foundation are available upon request. A financial summary of the Foundation as at March 31, 2008 and 2007 for the years then ended is as follows:

	2008	2007
Total assets	$ 91,756	$ 78,495
Total liabilities	1,066	547
Net Assets	$ 90,690	$ 77,948
Revenue	$ 27,912	$ 28,159
Expenses	24,871	8,992
Excess of revenue over expenses	$ 3,041	$ 19,167
Excess is comprised of:		
Restricted	$ 217	$ 16,866
Unrestricted	2,824	2,301
	$ 3,041	$ 19,167

Contributions received by Board Year ended March 31,		Resources held by Foundation at March 31, 2008	
2008	2007	Restricted	Unrestricted
$ 20,371	$ 4,945	$ 87,481	$ 3,209

(i) The Foundation transferred capital assets consisting of furniture and equipment at their net book value of nil (2007 – $32) to the Board for nil consideration.

(ii) At March 31, 2008 the Foundation owed to the Board $367 which is included in Accounts Receivable (2007 - $46 due to the Foundation).

Note 15 Related Parties (continued)

(c) Other Related Parties

The Board exercises significant influence over the Cross Cancer Institute Volunteer Association (the "Association") which was incorporated under the *Societies Act* of the Province of Alberta to provide services for the care and comfort of patients of the Cross Cancer Institute.

The net revenues were expended by the Association, at its discretion in accordance with the Board's objectives (see note 1).

A financial summary of the Association as at March 31, 2008 and 2007 for the years then ended is as follows:

	2008 (unaudited)	2007
Total assets	$ 615	$ 631
Total liabilities	194	249
Net assets	$ 421	$ 382
Revenue	$ 455	$ 419
Expenses	416	311
Excess of revenue over expenses	$ 39	$ 108

Note 16 Trust Funds

The Board receives funds in trust for conferences, etc. These amounts are not reported in the financial statements. During the year the Board received $275 and disbursed $261. The balance of funds held by the Board at March 31, 2008 is $289 (2007 - $275).

Note 17 Pension Costs

(a) Public Service Pension Plan (PSPP)

The Board participates in the PSPP, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Board's annual contributions payable of $7,799 for the year ended March 31, 2008 (2007 - $6,104).

At December 31, 2007, the PSPP reported an actuarial deficit of $92,070 (2006 – surplus $153,024).

(b) Supplemental Executive Retirement Plan (SERP)

On April 1, 2004 the Board started a non-contributing defined benefit SERP for senior executives. A summary of the financial information is as follows:

Note 17 Pension Costs (continued)

(b) Supplemental Executive Retirement Plan (SERP) (continued)

	2008	2007
Accrued benefit obligation, beginning of year	$ 2,586	$ 1,901
Current service cost	434	309
Interest cost	157	119
Actuarial loss	321	257
Accrued benefit obligation, end of year	3,498	2,586
Funded status of plan (deficit)	(294)	(217)
Unamortized actuarial loss	705	470
Unamortized prior service costs	444	555
Accrued SERP asset	855	808
Current service cost	434	309
Interest cost	157	119
Amortization of prior service costs	111	111
Amortization of net actuarial loss	59	34
Expected return on plan assets	(73)	(55)
SERP expense	$ 688	$ 518
Assumptions at end of year		
Discount rate	5.2%	5.2%
Expected average remaining service life of employees	8 years	8 years
Salary scale increases	4%	4%

The above information is based on the annual actuarial valuation performed as of March 31, 2008.

Plan assets (held by trustee)		2008		2007
Employer contributions		1,539		1,139
Actual return on plan assets		100		80
Taxes paid		(33)		(44)
Market value over cost		3		11
Fair value of assets - March 31, 2008		1,609		1,186
Fixed income	721		587	
Common stocks	751		599	
Cash on hand	137		-	
Plan assets (held by Canada Revenue Agency)				
Employer contributions paid as refundable taxes		1,562		1,139
Taxes paid on plan income		33		44
Total refundable taxes		1,595		1,183
Total plan assets		3,204		2,369
Funded status of plan - deficit		$ 294		$ 217

Note 18 Endowment

The Endowment is externally restricted (through the Cancer Prevention Legacy Fund from Alberta Health and Wellness) and is designated for use as a Research Chair for the Director of the Alberta Cancer Research Institute (ACRI). The principal amount of $10,000 is required to be maintained and all investment proceeds are available for use. Proceeds from the fund are to be used for the salary, infrastructure and operating grant support for the ACRI Director's Research.

Note 19 Comparative Figures

Certain 2007 figures have been reclassified to match the 2008 presentation.

Note 20 Subsequent Events

On May 15, 2008, the Minister of Health and Wellness issued a Ministerial Order, M.O. #51/2008, to restructure the governance structure of the health services delivery system in Alberta. All existing Board members reported on Schedule 2 were removed and replaced with members set out in M.O. #51/2008.

Note 21 Approval of Financial Statements

These financial statements have been approved by the Board.

Schedule 1

ALBERTA CANCER BOARD
SCHEDULE OF EXPENSES BY OBJECT
For the year ended March 31, 2008
(In thousands)

	Budget	2008	2007
Salaries and benefits (Schedule 2)	$ 142,137	$ 137,209	$ 118,871
Drugs and gases	89,305	100,201	81,205
Medical and surgical supplies	4,042	4,533	3,944
Other contracted services	44,627	47,572	42,133
Referred out services	38,756	27,840	26,775
Supplies	30,604	25,430	15,373
Equipment and IT maintenance	11,303	6,299	7,414
Other	38,636	27,689	36,347
Amortization:			
Capital equipment - internally funded	6,724	6,992	5,548
Capital equipment - externally funded	8,820	8,300	8,320
Facilities and improvements	5,545	5,652	5,345
	440,799	397,717	351,275
Less amounts reported in ancillary operations (Note 13)	6,961	7,553	6,567
	$ 433,838	$ 390,164	$ 344,708

ALBERTA CANCER BOARD
SCHEDULE OF SALARIES AND BENEFITS
For the year ended March 31, 2008
(in thousands)

Schedule 2

	2008								2007	
	Number of FTEs(1)	Base Salary (2)	Other Cash Benefits (3)	Other Non-Cash Benefits (4)	Sub Total	Severance (5) Number of FTEs	Severance (5) Amount	Total	Number of FTEs(1)	Total
Health Authority Board Chairperson										
Gary Campbell	1.0	$ -	$ 51	$ -	$ 51			$ 51	1.0	$ 43
Board members										
Jean Agrios	1.0	-	2	-	2			2	1.0	5
Allan Hargreaves	1.0	-	1	-	1			1	1.0	2
Ron Hierath	1.0	-	4	-	4			4	1.0	1
Richard Melchin	1.0	-	2	-	2			2	1.0	3
Irene Nicolson	1.0	-	3	-	3			3	1.0	8
Mary O'Neill	1.0	-	2	-	2			2	1.0	3
Brian Rogers	1.0	-	3	-	3			3	1.0	5
Cathy Roozen	1.0	-	4	-	4			4	1.0	3
Bronwyn Shoush	1.0	-	1	-	1			1	1.0	6
Patricia Jones (to July 31, 2007)	0.3	-	1	-	1			1	1.0	7
Jack Halpin (to December 31, 2006)	-	-	-	-	-			-	0.8	9
Sub-total	10.3	-	74	-	74	-	-	74	11.8	95
Staff										
Chief Executive Officer (6) (8)	1.0	490	-	222	712	-	-	712	1.0	561
Management reporting to CEO (by position)										
VP (Operations)	1.0	289	-	77	366	-	-	366	1.0	333
VP (Research)	0.6	135	-	2	137	-	-	137	0.6	88
VP (Population Health Information)	1.0	367	-	106	473	-	-	473	1.0	461
VP (Tom Baker Cancer Centre)	1.0	419	-	71	490	-	-	490	1.0	740
VP (Cross Cancer Institute)	1.0	390	-	92	482	-	-	482	1.0	450
VP (Medical Affairs and Community Oncology)	1.0	277	-	118	395	-	-	395	1.0	356
Other management reporting directly to those above	36.0	3,583	33	591	4,207	-	-	4,207	32.0	3,798
Other management	337.2	23,003	433	4,318	27,754	2.0	3	27,757	313.0	22,189
Medical doctors not included above	21.9	5,810	23	681	6,514	1.0	29	6,543	21.0	5,586
Regulated nurses not included above										
- RNs, Graduate Nurses	263.8	20,224	1,674	5,252	27,150	-	-	27,150	259.0	22,794
- LPNs	5.5	183	9	47	239	-	-	239	4.0	162
Other health technical & professionals	420.2	29,912	1,310	6,522	37,744	-	-	37,744	410.5	34,058
Unregulated health service providers	108.1	7,378	53	1,669	9,100	-	-	9,100	80.5	7,770
Other staff	460.6	17,636	872	3,659	22,167	5.0	50	22,217	459.0	20,236
Total Staff Compensation (9)	1,659.9	110,096	4,407	23,427	137,930	8.0	82	138,012	1,585.6	119,582
Grand Total	1,670.2	$ 110,096	$ 4,481	$ 23,427	$ 138,004	8.0	$ 82	$ 138,086	1,597.4	$ 119,677

Schedule 2 (continued)

ALBERTA CANCER BOARD
SCHEDULE OF SALARIES AND BENEFITS
March 31, 2008

(1) Full Time Equivalent (FTE) is determined at the rate of 2,033.75 annual hours for each employee. Total actual discrete number of individuals employed: 2,251 (2007 – 2,106). "Discrete" number of individuals refers to all employees who were in the system during the fiscal year.

(2) Base salary includes pensionable base pay.

(3) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.

(4) Other non-cash benefits include:

a. Employer's current and prior service cost of supplementary retirement plans per note (7) below.
b. Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, health spending account, professional membership and tuition.
c. Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay and travel allowances.

(5) Severance includes direct or indirect payments to individuals upon termination, which are not included in other benefits.

(6) Automobile provided. No dollar amount included in other non-cash benefits.

(7) Supplementary Retirement Plan (SRP)

Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. Retirement arrangements costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP provides future pension benefits to participants based on years of service and earnings.

	2008			2007
	Current Service Cost	Prior Service and Other Costs	Total	Total
Chief Executive Officer	68	122	190	161
VP Operations	38	8	46	33
VP Population Health Information	57	34	91	70
VP Tom Baker Cancer Centre	58	1	59	78
VP Cross Cancer Institute	64	28	92	75
VP Medical Affairs and Community Oncology	62	56	118	101
Other	87	5	92	-
	434	254	688	518

Schedule 2 (continued)

	Accrued Obligation March 31, 2007	Changes in Accrued Obligation	Accrued Obligation March 31, 2008
Chief Executive Officer	$ 1,095	$ 532	$ 1,587
VP Operations	139	55	194
VP Population Health Information	441	(41)	400
VP Tom Baker Cancer Centre	24	70	94
VP Cross Cancer Institute	293	98	391
VP Medical Affairs and Community Oncology	483	126	609
Other	171	52	223
	2,586	912	3,498

(8) The Chief Executive Officer's contract expired on March 31, 2006. During this fiscal year $35 of base salary retroactive pay was processed and expensed relating to the 2006/07 fiscal year.

(9) Total Staff Compensation:

	2008	2007
Salaries and Benefits (Schedule 1)	$ 137,209	$ 118,871
Other Contracted Services	877	806
	$ 138,086	$ 119,677

HQCA
Health Quality Council of Alberta

HEALTH QUALITY COUNCIL OF ALBERTA

FINANCIAL STATEMENTS

March 31, 2008

Management's Responsibility for Financial Reporting

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries and Benefits

HEALTH QUALITY COUNCIL OF ALBERTA

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2008

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Authority has established a code of ethics and corporate directives, which include communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the external auditor, Auditor General of Alberta to review financial matters, and recommends the final financial statements to the Health Quality Council of Alberta Board for approval. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and procedures, which allow them to report on the fairness of the consolidated financial statements prepared by management.

[Original Signed by Dr. John Cowell]	[Original Signed by Tim Wall, CMA]
Chief Executive Officer	Controller
Dr. John Cowell	Tim Wall, CMA

Auditor's Report

To the Members of the Health Quality Council of Alberta
and the Minister of Health and Wellness

I have audited the statement of financial position of the Health Quality Council of Alberta as at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

"Original Signed by Fred J. Dunn", FCA
Auditor General

Edmonton, Alberta
June 4, 2008

"The official version of this Report of the Auditor General, and the information the Report covers, is in printed form."

HEALTH QUALITY COUNCIL OF ALBERTA
STATEMENT OF FINANCIAL POSITION
March 31, 2008
(in thousands)

	2008	2007 (9 months)
ASSETS		
Current:		
Cash	$ 2,009	$ 417
Accounts receivable	97	64
Inventories	62	-
Prepaid expenses	2	22
Contributions receivable from Alberta Health and Wellness	-	1,000
	2,164	1,503
Capital assets (note 3)	27	67
TOTAL ASSETS	$ 2,191	$ 1,570
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 531	$ 198
Accrued vacation pay	91	70
Deferred contributions (note 4)	1,026	1,000
	1,648	1,268
Net Assets:		
Accumulated surplus (note 6)	443	235
Internally restricted	73	-
Investment in capital assets from internally funded sources	27	67
	543	302
TOTAL LIABILITIES AND NET ASSETS	$ 2,191	$ 1,570

The accompanying notes and schedules are part of these financial statements

HEALTH QUALITY COUNCIL OF ALBERTA
STATEMENT OF OPERATIONS
For the year ended March 31, 2008
(In thousands)

	2008 Budget (Note 5)	2008 Actual	2007 (Restated) Actual
Revenue:			
Alberta Health and Wellness contributions (note 9)	$ 3,226	$ 3,804	$ 2,393
Investment and other income (note 10)	504	593	14
TOTAL REVENUE	3,730	4,397	2,407
Expenses (Schedule 1)			
Administration	3,645	4,100	2,287
Information Technology	85	56	18
TOTAL EXPENSES	3,730	4,156	2,305
Excess of revenue over expense	$ -	$ 241	$ 102

The accompanying notes and schedules are part of these financial statements

HEALTH QUALITY COUNCIL OF ALBERTA
STATEMENT OF CHANGES IN NET ASSETS
For the year ended March 31, 2008
(In thousands)

	Accumulated surplus (note 6)	Internally restricted	Investment in capital assets from internally funded sources	Total
Balance at beginning of year	$ 235	$ -	$ 67	$ 302
Excess of revenue over expense	241	-	-	241
Transfer to internally restricted	(308)	308	-	-
Transfer from internally restricted	235	(235)	-	-
Capital assets purchased with internal funds	(5)	-	5	-
Amortization of internally funded capital assets	45	-	(45)	-
Balance at end of year	$ 443	$ 73	$ 27	$ 543

The accompanying notes and schedules are part of these financial statements

HEALTH QUALITY COUNCIL OF ALBERTA
STATEMENT OF CASH FLOWS
For the year ended March 31, 2008
(in thousands)

	2008	2007 (9 months)
Cash generated from:		
Operating activities:		
Excess of revenue over expenses	$ 241	$ 302
Non-cash transactions:		
Amortization of capital equipment - internally funded	45	16
Changes in non-cash working capital account	1,305	182
Cash generated from operations	1,591	500
Investing activities:		
Purchase of capital assets:		
internally funded	(5)	(83)
Cash used by investing activities	(5)	(83)
Increase in cash	1,586	417
Cash, beginning of year	417	-
Cash, end of year	$ 2,003	$ 417

The accompanying notes and schedules are part of these financial statements

HEALTH QUALITY COUNCIL OF ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2008

Note 1 **Authority, Purpose and Operations**

The Health Quality Council of Alberta (the "Authority") was established July 1, 2006 under the Alberta Regional Health Authorities Act. The Authority is a registered charity under the Income Tax Act and exempt from payment of income tax.

The Authority is engaged in promoting and improving patient safety and health service quality across Alberta.

Note 2 **Significant Accounting Policies and Reporting Practices**

(a) Basis of Presentation

(i) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 31.

(ii) These financial statements use the deferral method, key elements of which are:

(i) Unrestricted contributions are recognized as revenue in the year receivable.

(ii) Restricted non-capital contributions are recognized as revenue in the year in which the related expenses are incurred.

(iii) Restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and recognized as revenue in the period the related amortization expense of the capital asset is recorded.

(iv) Unrestricted investment income is recognized in the year earned.

(b) Change in Accounting Policy

Effective April 1, 2007 the Authority implemented new financial instrument standards in accordance with CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement; Section 3861 - Financial Instruments - Disclosure and Presentation. These new policies have been applied prospectively; prior period results have not been restated.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Classification of financial instruments

A financial instrument is a contract that establishes a financial asset for one party and a financial liability or equity instrument for the other party. Prior to adopting the new standards, the Authority accounted for virtually all of its financial assets and financial liabilities on an accrual basis and measured them at cost or amortized cost, as applicable.

Section 3855 establishes a new framework for the recognition and measurement of financial assets and financial liabilities. All existing financial instruments have been classified as of April 1, 2007 according to this new framework, either based on the type of instrument or the Authority's intention regarding the instrument, as described below. Any new financial instruments entered into after that date will be classified on inception. This classification determines how financial instruments are accounted for under the new standards.

Held-for-trading

The Authority has classified cash resources as "held-for-trading" (or "HFT") as of April 1, 2007. Financial assets and liabilities classified as HFT are measured on the Statement of Financial Position at fair value with changes in their value (unrealized gains or losses) recorded in "net income" in the Statement of Operations. Unrealized gains and losses from changes in fair value or realized gains or losses on disposal are accounted for as investment income. Any interest earned (or incurred) continues to be recognized on an accrual basis as interest income (or expense).

Receivables

Accrued interest and other receivables have been classified as receivables and are valued at amortized cost. Amortized cost is a reasonable estimate of the fair value of these instruments.

Financial liabilities

Accounts payable and accrued liabilities have been classified as financial liabilities and have been valued at amortized cost. Amortized cost is a reasonable estimate of the fair value of these instruments.

Transaction costs

Transaction costs relating to financial assets and liabilities are expensed as incurred.

(c) Full Cost

The Authority accounts for all costs of services for which it is responsible. Fair value transactions comprise of:

Assets, supplies and services that a health authority would otherwise purchase and are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(d) Employee Future Benefits

The authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied where the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plan's deficit or surplus.

(e) Inventories

Inventories are valued at the lower of cost based on FIFO or net realizable value.

(f) Capital Assets

Capital assets are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Computer Equipment	2 years

(g) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Actual results could differ from estimates.
The amounts recorded for amortization of capital assets are based on estimates of the useful life of the related assets. Actual results could differ from these estimates.

Note 3 Capital Assets (thousands of dollars)

Cost

Capital Asset	Opening Balance April 1, 2007	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2008
Computer Equipment	$ 83	$ -	$ 5	$ -	$ 88

Accumulated Amortization

Assets Amort.	Opening Balance April 1, 2007	Current year amortization	Amortization on disposals	Closing Balance March 31, 2008	Net Book Value 2008	Net Book Value 2007
Computer Equipment	$ 16	$ 45	$ -	$ 61	$ 27	$ 67

Capital assets were funded from the following sources:

	2008	2007
	(thousands of dollars)	
Internally funded (invested in capital assets)	$ 27	$ 67
	$ 27	$ 67

Note 4 Deferred Contributions

The balance at the end of the year is restricted for the following purposes:

	2008	2007
	(thousands of dollars)	
Current:		
Long Term Care Survey	$ 100	$ 300
Emergency Services Survey	-	250
Research on Quality and Safety	250	250
Healthcare Management	277	-
Total	$ 1,000	$ 1,000

Note 5 Pension Expense

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to Health Quality Council of Alberta's annual contributions payable of $76,906 for the year ended March 31, 2008 (2007 $31,384).

At December 31, 2007, the Local Authorities Pension Plan reported a deficiency of $1,183,334,000 (2006 deficiency $ 746,651,000).

Note 6 Accumulated surplus

The Authority's accumulated surplus is comprised of the following:

	2008	2007
	(thousands of dollars)	
Unrestricted net assets	$ 443	$ 235
Internally restricted net assets		
Amounts appropriated for critical incident review	235	-
Amounts appropriated for University of Alberta Contract	73	-
Current Year use - critical incident review	(235)	-
	73	-
Investment in Capital Assets - internally funded	27	67
	$ 543	$ 302

Note 7 Commitments and Contingencies

Health Quality Council of Alberta is committed to contract payments in future years as follows:

	(thousands of dollars)
2008 / 2009	$ 702
2009 / 2010	629
2010 / 2011	629
2011 / 2012	258
2012 / 2013	-

HQCA has a commitment with the University of Alberta to receive survey services which had an estimated residual value of $73,420 at March 31, 2008.

An "Assignment of Partial Leasehold Interest" agreement was put into place for April 01, 2007 to June 30, 2011. This commits the Health Quality Council of Alberta to annual rent in the amount of $ 131,880 and additional rent, subject to adjustment in accordance with the lease of $ 93,636 annually.

Health Quality Council of Alberta has a commitment with Dr. John W. Cowell Consulting Ltd. to receive executive oversight for the Authority. The value of the commitment as at March 31, 2008 is $ 33,600 per month and extends until September 2011.

Note 8 Budget

	2007/2008 Board Approved Budget	Adjustments	2007/2008 Reported Budget
	(thousands of dollars)		
Revenue			
Alberta Health and Wellness Contribution	$ 5,000	$ (1,774)	$ 3,226
Investment and other income	500	4	504
TOTAL REVENUE	5,500	(1,770)	3,730
Expenses			
Administration	5,500	(1,770)	3,730
TOTAL EXPENSES	5,500	(1,770)	3,730
Excess of revenue over expense	$ -	$ -	$ -

The budget was approved by the Health Quality Council of Alberta Board of Directors on December 14, 2006, and submitted to the Minister of Health and Wellness, who subsequently reduced the operating budget by $1.8 million.

Note 9 Alberta Health & Wellness contribution

	2008	2007
	(thousands of dollars)	
Unrestricted contribution	$ 3,230	$ 2,593
Transfer from Deferred Contribution	574	-
	$ 3,804	$ 2,593

Note 10 Investment and other income

	2008	2007
	(thousands of dollars)	
Investment income	$ 75	$ 14
Other Revenue	320	-
	$ 395	$ 14

Note 11 Related Parties

(a) Province of Alberta and Health Authorities

Health Quality Council of Alberta was established under the Regional Health Authorities Act July 1, 2006. The Minister of Alberta Health and Wellness appoints members of the Authority. Health Quality Council of Alberta is economically dependent on the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

Health Quality Council of Alberta had the following transactions with other Health Authorities recorded in the Statement of Operations and the Statement of Financial Position at the amounts of consideration agreed upon between the related parties:

	2008 (thousands)				2007 (thousands)			
Authority	Revenue	Expense	Receivable	Payable	Revenue	Expense	Receivable	Payable
Calgary	$ 514	$ 26	$ -	$ 9	$ -	$ -	$ -	$ -
East Central	5	-	-	-	-	-	-	-
Capital	5	-	-	-	-	-	-	-
Northern Lights	3	-	-	-	-	-	-	-
Alberta Cancer Board	1	-	-	-	-	-	-	-
Total	$ 527	$ 26	$ -	$ 9	$ -	$ -	$ -	$ -

Note 12 Comparative Figures

The Health Quality Council of Alberta was established July 1, 2006 under the Alberta Regional Health Authorities Act. As such, the comparative figures for the year ending March 31, 2007 reflect 9 months.

Certain 2007 figures have been reclassified to conform to 2008 presentation.

Note 13 Approval of the Financial Statements

These financial statements have been approved by the Board.

Schedule 1

HEALTH QUALITY COUNCIL OF ALBERTA
SCHEDULE OF EXPENSES BY OBJECT
March 31, 2008
(In thousands)

	2008 Budget	2008 Actual	2007 (9 months) Actual
Salaries and Benefits (Schedule 2)	$ 1,900	$ 1,540	$ 1,000
Other*	1,914	2,351	1,289
Amortization			
Capital equipment - internally funded	16	45	16
	$ 3,730	$ 4,156	$ 2,305
*Other:			
Office, general supplies, miscellaneous	$ 832	$ 527	$ 398
Fees - Audit, Legal, Other	-	106	66
Stakeholder grants	-	100	-
Lease payments	-	230	2
Refused-out services	1,082	1,512	798
Minor equipment	-	76	25
	$ 1,914	$ 2,351	$ 1,289

Schedule 2

HEALTH QUALITY COUNCIL OF ALBERTA
SCHEDULE OF SALARIES AND BENEFITS
March 31, 2008
(In thousands)

	2008 (1) FTE	Salaries and Rewards (2)	Other Cash Benefits (3)	Other Non-Cash Benefits (4)	Sub-total	Severance (1) FTE	Severance Amount	Severance Total	Total	2007 (9 Months) (1) FTE	2007 (9 Months) Total
Health Authority Chairperson											
L. Tyrrell	1	$ -	$ 13	$ -	$ 13	-	$ -	$ -	$ 13	1	$ 9
Board members (list)											
Vacant	2	-	-	-	-	-	-	-	-	2	-
B. Johnston	1	-	1	-	1	-	-	-	1	1	-
T. Kliman	1	-	2	-	2	-	-	-	2	1	-
R. Laing	1	-	14	-	14	-	-	-	14	1	20
M. Lee	1	-	3	-	3	-	-	-	3	1	3
P. Marino	1	-	1	-	1	-	-	-	1	1	4
L. Solomon	1	-	5	-	5	-	-	-	5	1	5
D. Tupper	1	-	5	-	5	-	-	-	5	1	2
Sub-total	10	-	44	-	44	-	-	-	44	10	43
Staff											
Chief Executive Officer - Current[5]	1	382	42	-	424	-	-	-	424	1	282
Management reporting to CEO:											
Executive Director	1	131	-	16	147	-	-	-	147	1	78
Other mgmt. reporting directly to them above:											
Other management	7	576	-	104	680	-	-	-	680	6	407
Other staff	5	206	-	59	265	-	-	-	265	5	180
Sub-total	14	1,295	42	179	1,516	-	-	-	1,516	13	947
Grand Total	24	$ 1,295	$ 86	$ 179	$ 1,560	$ -	$ -	$ -	$1,560	23	$1,099

(1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total count denote number of individuals employed: 14 (2007 13). "Director" number of individuals refers to all employees who were in the system during the fiscal year.

(2) Base salary includes pensionable base pay.

(3) Other Cash Benefits include bonuses, overtime, lump sum payments and honoraria.

(4) Non-Cash Benefits include:

Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional membership and tuition.

(5) HQCA CEO is contracted through a 5 year executive oversight contract, which holds HQCA harmless of any related overtime, benefits or supplementary retirement.

Alphabetical List of Entities' Financial Statements in Ministry 2007/08 Annual Reports

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Access to the Future Fund	Advanced Education and Technology
Agriculture Financial Services Corporation	Agriculture and Food
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Cancer Prevention Legacy Fund	Finance
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board[1]	Energy
Alberta Foundation for the Arts	Tourism, Parks, Recreation and Culture
Alberta Gaming and Liquor Commission	Solicitor General and Public Security
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Tourism, Parks, Recreation and Culture
Alberta Insurance Council	Finance
Alberta Investment Management Corporation[2]	Finance
Alberta Local Authorities Pension Plan Corporation	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Advanced Education and Technology
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Municipal Affairs and Housing
Alberta Sport, Recreation, Parks and Wildlife Foundation	Tourism, Parks, Recreation and Culture

1 Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.

2 Began operations January 1, 2008

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Alberta Treasury Branches	Finance
Alberta Utilities Commission[1]	Energy
ATB Insurance Advisors Inc.	Finance
ATB Investment Management Inc.	Finance
ATB Investment Services Inc.	Finance
ATB Securities Inc.	Finance
Child and Family Services Authorities:	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
C-FER Technologies (1999) Inc.	Advanced Education and Technology
Climate Change and Emissions Management Fund[3]	Environment
Credit Union Deposit Guarantee Corporation	Finance
Colleges:	Advanced Education and Technology
Alberta College of Art and Design	
Bow Valley College	
Grande Prairie Regional College	

1 Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.

3 Began operations July 1, 2007

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Grant MacEwan College	
Keyano College	
Lakeland College	
Lethbridge Community College	
Medicine Hat College	
Mount Royal College	
NorQuest College	
Northern Lakes College	
Olds College	
Portage College	
Red Deer College	
Department of Advanced Education and Technology	Advanced Education and Technology
Department of Agriculture and Food	Agriculture and Food
Department of Children's Services	Children's Services
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Environment	Environment
Department of Health and Wellness	Health and Wellness
Department of Municipal Affairs and Housing	Municipal Affairs and Housing
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Department of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Energy Resources Conservation Board[1]	Energy
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Tourism, Parks, Recreation and Culture
Historic Resources Fund	Tourism, Parks, Recreation and Culture

1 Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Human Rights, Citizenship and Multiculturalism Education Fund	Tourism, Parks, Recreation and Culture
iCORE Inc.	Advanced Education and Technology
Lottery Fund	Solicitor General and Public Security
Ministry of Advanced Education and Technology	Advanced Education and Technology
Ministry of Agriculture and Food	Agriculture and Food
Ministry of Children's Services	Children's Services
Ministry of Education	Education
Ministry of Employment, Immigration and Industry[4]	Employment, Immigration and Industry
Ministry of Energy	Energy
Ministry of Environment	Environment
Ministry of Executive Council[4]	Executive Council
Ministry of Finance	Finance
Ministry of Health and Wellness	Health and Wellness
Ministry of Infrastructure and Transportation[4]	Infrastructure and Transportation
Ministry of International, Intergovernmental and Aboriginal Relations[4]	International, Intergovernmental and Aboriginal Relations
Ministry of Justice[4]	Justice
Ministry of Municipal Affairs and Housing	Municipal Affairs and Housing
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Service Alberta [4]	Service Alberta
Ministry of Solicitor General and Public Security	Solicitor General and Public Security
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Ministry of the Treasury Board [4]	Treasury Board
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards:	Seniors and Community Supports
Calgary Region Community Board	

4 Ministry includes only the departments so separate departmental financial statements are not necessary.

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
South Region Community Board	
Persons with Developmental Disabilities Provincial Board[5]	Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Regional Health Authorities and Provincial Health Boards:	Health and Wellness
Alberta Cancer Board	
Alberta Mental Health Board	
Aspen Regional Health Authority	
Calgary Health Region	
Capital Health	
Chinook Regional Health Authority	
David Thompson Regional Health Authority	
East Central Health	
Health Quality Council of Alberta	
Northern Lights Health Region	
Peace Country Health	
Palliser Health Region	
Safety Codes Council	Municipal Affairs and Housing
School Boards and Charter Schools:	Education
Almadina School Society	
Aspen View Regional Division No. 19	
Aurora School Ltd.	
Battle River Regional Division No. 31	
Black Gold Regional Division No. 18	
Boyle Street Education Centre	

5 Ceased operations June 30, 2006

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Buffalo Trail Public Schools Regional Division No. 28	
Calgary Arts Academy Society	
Calgary Girls' School Society	
Calgary Roman Catholic Separate School District No. 1	
Calgary School District No. 19	
Calgary Science School Society	
Canadian Rockies Regional Division No. 12	
CAPE–Centre for Academic and Personal Excellence Institute	
Chinook's Edge School Division No. 73	
Christ the Redeemer Catholic Separate Regional Division No. 3	
Clearview School Division No. 71	
East Central Alberta Catholic Separate Schools Regional Division No. 16	
East Central Francophone Education Region No. 3	
Edmonton Catholic Separate School District No. 7	
Edmonton School District No. 7	
Elk Island Catholic Separate Regional Division No. 41	
Elk Island Public Schools Regional Division No. 14	
Evergreen Catholic Separate Regional Division No. 2	
FFCA Charter School Society	
Foothills School Division No. 38	
Fort McMurray Roman Catholic Separate School District No. 32	
Fort McMurray School District No. 2833	
Fort Vermilion School Division No. 52	
Golden Hills School Division No. 75	
Grande Prairie Public School District No. 2357	

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Grande Prairie Roman Catholic Separate School District No. 28	
Grande Yellowhead Regional Division No. 35	
Grasslands Regional Division No. 6	
Greater North Central Francophone Education Region No. 2	
Greater Southern Public Francophone Education Region No. 4	
Greater Southern Separate Catholic Francophone Education Region No. 4	
Greater St. Albert Catholic Regional Division No. 29	
High Prairie School Division No. 48	
Holy Family Catholic Regional Division No. 37	
Holy Spirit Roman Catholic Separate Regional Division No. 4	
Horizon School Division No. 67	
Lakeland Roman Catholic Separate School District No. 150	
Lethbridge School District No. 51	
Living Waters Catholic Regional Division No. 42	
Livingstone Range School Division No. 68	
Medicine Hat Catholic Separate Regional Division No. 20	
Medicine Hat School District No. 76	
Moberly Hall School Society	
Mother Earth's Children's Charter School Society	
New Horizons Charter School Society	
Northern Gateway Regional Division No. 10	
Northern Lights School Division No. 69	
Northland School Division No. 61	
Northwest Francophone Education Region No. 1	
Palliser Regional Division No. 26	
Parkland School Division No. 70	

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Peace River School Division No. 10	
Peace Wapiti School Division No. 76	
Pembina Hills Regional Division No. 7	
Prairie Land Regional Division No. 25	
Prairie Rose School Division No. 8	
Red Deer Catholic Regional Division No. 39	
Red Deer School District No. 104	
Rocky View School Division No. 41	
St. Albert Protestant Separate School District No. 6	
St. Paul Education Regional Division No. 1	
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	
Sturgeon School Division No. 24	
Suzuki Charter School Society	
Westmount Charter School Society	
Westwind School Division No. 74	
Wetaskiwin Regional Division No. 11	
Wild Rose School Division No. 66	
Wolf Creek School Division No. 72	
Supplementary Retirement Plan Reserve Fund	Finance
Technical Institutes and The Banff Centre:	Advanced Education and Technology
Northern Alberta Institute of Technology	
Southern Alberta Institute of Technology	
The Banff Centre for Continuing Education	
Universities:	Advanced Education and Technology
Athabasca University	
The University of Alberta	
The University of Calgary	
The University of Lethbridge	
Victims of Crime Fund	Solicitor General and Public Security
Wild Rose Foundation	Tourism, Parks, Recreation and Culture

Entities Not Included in the Consolidated Government Reporting Entity

Fund or Agency	*Ministry Annual Report*
Alberta Foundation for Health Research	Advanced Education and Technology
Alberta Heritage Foundation for Medical Research	Advanced Education and Technology
Alberta Heritage Foundation for Science and Engineering Research	Advanced Education and Technology
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs and Housing
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan — Bargaining Unit	Service Alberta
Long-Term Disability Income Continuance Plan — Management, Opted Out and Excluded	Service Alberta
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Special Areas Trust Account	Municipal Affairs and Housing
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Employment, Immigration and Industry

Government Restructuring

Government Organization Changes 2008 – 09

Ministry	*Program/Element/ Entity Changes*	*Previous Location*	*New Location*
Aboriginal Relations	■ Aboriginal Governance, Consultation and Economic Development	■ Former International, Intergovernmental and Aboriginal Relations	
	■ First Nations Development Fund	■ Former Tourism, Parks, Recreation and Culture	
Advanced Education and Technology	■ no change		
Agriculture and Rural Development	■ Rural Development	■ Former Employment, Immigration and Industry	
Children and Youth Services (formerly Children's Services)	■ Women's Issues	■ Former Employment, Immigration and Industry	
Culture and Community Spirit	■ Culture, Community Lottery Grants, Heritage, Human Rights and Citizenship	■ Former Tourism, Parks, Recreation and Culture	
	■ Alberta Foundation for the Arts		
	■ Alberta Historical Resources Foundation		
	■ Government House Foundation		
	■ Historic Resources Fund		
	■ Human Rights, Citizenship and Multiculturalism Education Fund		
	■ Wild Rose Foundation		
	■ Community and Voluntary Services	■ Former Municipal Affairs and Housing	

Ministry	*Program/Element/ Entity Changes*	*Previous Location*	*New Location*
Education	■ no change		
Employment and Immigration	■ Francophone Secretariat	■ Former Tourism, Parks, Recreation and Culture	
	■ except Rural Development		■ Agriculture and Rural Development
	■ except Economic Development		■ Finance and Enterprise, and International and Intergovernmental Relations
	■ except Northern Alberta Development Council		■ Finance and Enterprise
	■ except Alberta Economic Development Authority		
	■ except Women's Issues		■ Children and Youth Services
Energy	■ no change		
Environment	■ no change		
Executive Council	■ no change		
Finance and Enterprise	■ Regulatory Review Secretariat	■ Service Alberta	
	■ Economic Development, except Investment Attraction	■ Former Employment, Immigration and Industry	
	■ Northern Alberta Development Council		
	■ Alberta Economic Development Authority		
Health and Wellness	■ no change		
Housing and Urban Affairs	■ Housing Services	■ Former Municipal Affairs and Housing	
	■ Alberta Social Housing Corporation		
Infrastructure	■ except Provincial Highway Systems and Safety	■ Former Infrastructure and Transportation	■ Transportation

Ministry	*Program/Element/ Entity Changes*	*Previous Location*	*New Location*
International and Intergovernmental Relations	■ except Aboriginal Governance, Consultation and Economic Development ■ Investment Attraction	■ Former Employment, Immigration and Industry	■ Aboriginal Relations
Justice and Attorney General	■ no change		
Municipal Affairs	■ except Housing Services ■ except Alberta Social Housing Corporation ■ except Community and Voluntary Services		■ Housing and Urban Affairs ■ Culture and Community Spirit
Seniors and Community Supports	■ no change		
Service Alberta	■ except Regulatory Review Secretariat ■ except Personnel Administration Office ■ except Aircraft Services		■ Finance and Enterprise ■ Treasury Board
Solicitor General and Public Security	■ no change		
Sustainable Resource Development	■ no change		

Ministry	*Program/Element/ Entity Changes*	*Previous Location*	*New Location*
Tourism, Parks and Recreation	■ except First Nations Development Fund		■ Aboriginal Relations
	■ except Culture, Community Lottery Grants, Heritage, Human Rights and Citizenship		■ Culture and Community Spirit
	■ except Alberta Foundation for the Arts		
	■ except Alberta Historical Resources Foundation		
	■ except Government House Foundation		
	■ except Historic Resources Fund		
	■ except Human Rights, Citizenship and Multiculturalism Education Fund		
	■ except Wild Rose Foundation		
	■ except Francophone Secretariat		■ Employment and Immigration
Transportation	■ Provincial Highway Systems and Safety	■ Former Infrastructure and Transportation	
Treasury Board	■ Corporate Human Resources (formerly Personnel Administration Office)	■ Service Alberta	
	■ Aircraft Services		

Ministry Contacts

For further information regarding the contents of this annual report please contact:

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